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SAN FRANCISCO PORT COMMISSION

Ann Lazarus, President
Kimberly Brandon, Vice President
Rodney Fong, Commissioner
Michael Hardeman, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

PLEASE NOTE THE TIME OF THE MEETING

DOCUMENTS DEPT.
MAR - 9 2007
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AGENDA
REGULAR MEETING
TUESDAY, MARCH 13, 2007
2:00 P.M. EXECUTIVE SESSION
3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

1. **CALL TO ORDER / ROLL CALL**

2. **ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING**

3. **APPROVAL OF MINUTES** - February 27, 2007

4. **PUBLIC COMMENT ON EXECUTIVE SESSION**

5. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

      (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER.

3 1223 07087 1331

a. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d) (1 case):

- Macor, Inc., Cornerstone Properties II S, LLC, and Walden Mission Bay I LLC v. City and County of San Francisco, Port of San Francisco, State of California, State Lands Commission, et al.(San Francisco Superior Court, Case No. CGC07-460994)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Pier 70
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*BAE Systems: Ira Maybaum

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 70.

b. Property: Pier 80
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*The Pasha Group: George Pasha

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 80.

c. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*SF Piers LLC: Tom Hart and Rocky Fried

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 27-31.

6. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

7. EXECUTIVE

A. Executive Director's Report

- 2007 Port Security Grant from the Department of Homeland Security
- Wharf J-10 Community Meeting – March 21, 2007 at 5 p.m. at Pier 1
- Dedication of the Fisherman's Wharf Seaman's Memorial Chapel – March 30, 2007 at 12 noon at Pier 45
- Seawall Lot 337 Workshop (Piers 48-50/China Basin Area) – April 18, 2007 at 1 p.m. at Pier 1
- Water Transit Authority's Transportation Emergency Response Planning and Management Presentation and Feasibility Study of the potential renovation of the Agriculture Building, located on The Embarcadero at Mission Street
- Fisherman's Wharf Community Benefit District Planning Proposal

8. CONSENT

A. Request approval of Second Amendment to Lease No. L-12606 with the California Foundation on the Environment and the Economy (CFEE) to reduce its premises from Pier 35, Suites 200 and 202 to Pier 35, Suite 202, on a month-to-month basis. (Resolution No. 07-19)

B. Request for ratification and approval of the Port Commission's adoption of Resolution No. 07-14 on February 27, 2007 approving the Fourth Amendment to the Amended and Restated Exclusive Negotiation Agreement with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project, extending the term and amending the benchmarks and other provisions of the agreement, and all action by the Port in connection therewith (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Resolution No. 07-20)

9. REAL ESTATE

A. Request approval to amend the current policy, including related rental rates, and authorize implementation as of April 1, 2007 of the Airspace Portion of the Port's Sidewalk, Airspace, and Curbspace Encroachment Policy No. 06-48 adopted June 2006. (Resolution No. 07-21)

B. Request approval of CEQA Findings for Trans Bay Cable, LLC ("TBC") to install an electricity transmission line in San Francisco Bay and 23rd Street. (Resolution No. 07-22)

C. Request approval of resolution approving: (1) Port Commission License No. 14324, a non-exclusive license for the use of property consisting of approximately 9.4 miles of submerged lands, a small portion of shoreline along 23rd Street, and a portion of 23rd Street to install a 400 MW high voltage transmission line, with a term of four years and consideration including license payments to the Port in excess of $1.26 million and payments to the San Francisco Public Utilities Commission equaling $3.5 million; and (2) Port Commission License No. 14325, a non-exclusive license for use of the property for operation of the transmission line with a term of twenty-five years with several renewal

options and consideration including license payments to the Port in excess of $1.2 million dollars annually, public benefit payments to Port and to City in excess of $25 million between Trans Bay Cable LLC and the City and County of San Francisco acting by and through the San Francisco Port Commission and the Mayor's Office of Economic and Workforce Development. (Resolution No. 07-23)

10. ENGINEERING

A. Informational Presentation on the Port's Facilities Assessment Program.

11. NEW BUSINESS / AGENDA SETTING

- New Business

- Agenda Setting (Targeted Commission meeting, subject to change)

  - Informational presentation regarding the City's Emergency Text Message Alerting System (March 27, 2007)
  - Informational presentation on findings of Port Meter Pilot Program (March 27, 2007)
  - Informational Presentation on the Status of Contract 2708, Wharf J10 and Fishery Building Demolition Project (March 27, 2007)
  - Request approval of Lease with the San Francisco Bar Pilots for space located at Pier 9 (March 27, 2007)
  - Request approval of a new fifteen-year, Non-Exclusive Management Agreement with Pasha Automotive Services for management of an automobile terminal at Pier 80 (March 27, 2007)
  - Request approval of the First Amendment to the Non-Exclusive Management Agreement No. 13893 between the Port and Marine Terminals Corporation for management of the cargo terminal at Pier 80 (March 27, 2007)
  - Request authorization to increase the existing Contract Service Order to Creegan & D'Angelo for As-Needed Architectural and Engineering Services for the Piers 52/54 Boat Launch Project (March 27, 2007)
  - Request authorization to advertise for competitive bids for the Pier 33 Roofing and Related Structural Repair Project, Contract No. 2710 (March 27, 2007)
  - Request approval of resolution rescinding the Port's Policy for Payment of Broker's Commissions (April 10, 2007)
  - Informational presentation on Building Occupancy Resumption Program of the Port of San Francisco (April 10, 2007)
  - Request authorization to issue Request for Proposals for Engineering Services for the Pier 35 Substructure Detailed Structural Investigation, Conceptual Repair Design and Cost Estimate (April 10, 2007)
  - Request authorization to award Construction Contract No. 2713, Pier 52/54 Public Boat Launch Project (May 8, 2007)
  - Request authorization to advertise for competitive bids for the Pier 35 Improvements Project, Contract No. 2712 (May 8, 2007)
  - Request approval of resolution authorizing the Executive Director to execute a Memorandum of Understanding with the San Francisco Entertainment Commission to

transfer responsibility for the issuance and administration of Entertainment Related Permits from the Port to the Entertainment Commission (May 8, 2007)

- Informational presentation regarding the Port of San Francisco Monthly Minimum Rental Rate Schedule, Monthly Parking Stall Rental Rate Schedule, and the Schedule for Filming and Special Events for Fiscal Year 2007-08 (May 22, 2007)
- Request approval of Lease No. L-14268 between the Port and High Flying Foods, LLC for Port property located at 360 Jefferson Street (Date to be determined)
- Request Endorsement of Amended and Restated Development Memorandum with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project (Site Location: The Embarcadero between Francisco and Battery Streets) (Date to be determined)
- Request approval of First Amendment to Berthing Agreement with California Sealift Terminals, Inc. (Date to be determined)
- Request authorization to increase ferry rates at the Port of San Francisco (Date to be determined)
- Request approval of a Memorandum of Understanding with the City's Recreation and Park Department for use of space at Hyde Street (Date to be determined)
- Request approval of Tri-Party Agreement with Port, the Exploratorium and Baydelta Maritime for lease of space at Pier 17 (Date to be determined)
- Request approval of lease with LB Railco, Inc. for space located at the Intermodal Rail Transfer Facility Pier 94 (Date to be determined)

12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

13. COMMUNICATIONS

Communications to the Port Commission received from February 23 to March 8, 2007:

- From Dennis Bartels, Exploratorium Executive Director, invitation to the 30th Annual Awards Dinner on April 4, 2007
- From Steven Moss, Executive Director of San Francisco Community Power, regarding the proposed Trans Bay Cable Project
- From Bay Planning Coalition, invitation to the 20th Annual San Francisco Bay Decisionmakers Conference on April 12, 2007
- From Steven Moss, Executive Director of San Francisco Community Power, regarding the Trans Bay Cable Project

14. ADJOURNMENT

MARCH/APRIL 2007
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
March 27	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
April 10	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
April 18	1:00 p.m.	SWL Lot 337 Planning Committee Workshop	Bayside Conference Room @ Pier 1
April 24	CANCELLED	Closed Session/Port Commission	Port Commission Room
	CANCELLED	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Advisory Panel generally meets the second Thursday of the month. Contact John Doll at 274-0639.

The Cruise Terminal Environmental Advisory Committee generally meets the third week of each month. Date and time to be determined. Contact Michael Nerney at 274-0416.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548.

The Central Waterfront Advisory Group meets monthly on an as-needed basis generally on the 3rd Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or via email @ Mark_Paez@sfport.com.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets jointly with BCDC's Design Review Board on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. or the Committee meets as needed on the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625.

The Port Permit Appeals Committee meets regularly on the first Thursday of June and December of the year. For further information contact Ed Byrne at 274-0570 or Dan Hodapp at 274-0625.

ACCESSIBLE MEETING INFORMATION

Ferry Building:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

Pier 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

March 8, 2007

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of Second Amendment to Lease No. L-12606 with the California Foundation on the Environment and the Economy (CFEE) to reduce its premises from Pier 35, Suites 200 and 202 to Pier 35, Suite 202 on a month-to-month basis (Resolution No. 07-19)

DIRECTOR'S RECOMMENDATION: APPROVE THE ATTACHED RESOLUTION

Background

California Foundation on the Environment and the Economy, a California non-profit corporation (hereafter referred to as "CFEE"), has been a tenant with the Port of San Francisco for over seven years at Pier 35, Suites 200 and 202. In November 1999, under Lease No. L-12606 (expired on October 31, 2006), CFEE converted shed and undeveloped office space into Class B office space. CFEE created two larger office suites complete with conference rooms, kitchens and ADA compliant bathrooms. CFEE spent approximately $500,000.00 for these upgrades.

Under the proposed Second Amendment to Lease No. L-12606 (hereafter referred to as the "Amendment"), CFEE is requesting to enter into an Amendment to reduce its premises from Pier 35, Suites 200 and 202 to Pier 35, Suite 202, on a month-to-month basis. This will reduce their leased premises from 5,827 square feet to 2,902 square feet.

Proposed Amendment to Current Month to Month Lease

Under Lease number L-12606, CFEE's premises includes two office Suites, 200 and 202. Due to the month-to-month nature of CFEE's current lease, CFEE has been unable to secure a subtenant for Suite 200. Therefore, CFEE is proposing to reduce its premises to include only Suite 202 effective March 1, 2007. CFEE will continue to pay its existing monthly rental rate of $1.71 per square foot for this period. The new five year lease, No. L-14261, as approved by the Port Commission and pending

This Print Covers Calendar Item No. 8A

before the Board of Supervisors only includes Suite 202. Effective immediately, the Port will be able to market and lease Suite 200. Suite 200 is approximately 3,530 square feet of second floor office space over looking the Embarcadero. Port staff believes Suite 200 is very desirable and would lease for $2.25 per square foot or $7,942.50 per month.

Amendment Terms and Conditions

CFEE will sign the Port's standard form Amendment to Lease document for Lease No. L-12606 as adopted by the Port Commission. The salient terms and conditions of the proposed Amendment include the following:

Premises:	Parcel A: approximately 1,804 rentable square feet of office space Parcel B: approximately 1,098 rentable square feet of mezzanine office space
Location:	Pier 35, Suite 202
Commencement Date:	March 1, 2007
Lease Term:	month-to-month pending Board of Supervisor approval of new lease, No. L-14261
Base Rent:	$4,962.42
Security Deposit:	$9,924.84
Use:	Parcel A: General office use only Parcel B: General office use only

Recommendation

Port Real Estate staff recommends that the Port Commission (1) approve the Second Amendment to Lease No. L-12606 and (2) authorize the Executive Director or her designee to execute said Second Amendment to Lease No. L-12606 with CFEE for the rental of Pier 35 Suite 202 in the City and County of San Francisco for a month-to-month term to expire upon adoption by the Board of Supervisors of Lease No. L-14261 and subject to the additional terms and conditions set forth above.

Prepared by: Richard A. Rovetti, Commercial Property Manager
For: Susan Reynolds, Deputy Director of Real Estate

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 07-19

WHEREAS, Charter Section 3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and authority and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and

WHEREAS, Section 3.581(g) of the Charter of the City and County of San Francisco provides that leases granted and made by the Port Commission should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, at its February 27, 2007 meeting, the Port Commission adopted Resolution 07-18 granting, subject to Board of Supervisor approval, a new five-year lease, No. L-14261, to the California Foundation on the Environment and the Economy, a California non-profit corporation (hereafter referred to as "CFEE"); and

WHEREAS, CFEE proposes, in the interim, and Port Staff agrees to reduce CFEE's premises through a lease amendment with a month-to-month term until execution of Lease No. L-14261 as approved by Port Commission Resolution No. 07-18; and

WHEREAS, CFEE proposes and Port Staff agrees to execute a Lease Amendment effective March 1, 2007 to reduce CFEE's premises to only include Parcel A: approximately 1,804 rentable square feet of office space and Parcel B: approximately 1,098 rentable square feet of mezzanine office space located at Pier 35, Suite 202; and

RESOLVED, that the Port Commission hereby approves Amendment to Lease No. L-12606 which reduces CFEE's premises to Pier 35, Suite 202, and authorizes the Executive Director, in consultation with the City Attorney, to enter into any additional documents as she deems necessary or appropriate, to consummate the transactions contemplated hereby or to otherwise effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director or her designee of any such documents.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 13, 2007.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

March 7, 2007

TO: **MEMBERS, PORT COMMISSION**
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director

SUBJECT: Request for ratification and approval of the Port Commission's adoption of Resolution No. 07-14 on February 27, 2007 approving the Fourth Amendment to the Amended and Restated Exclusive Negotiation Agreement with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project, extending the term and amending the benchmarks and other provisions of the agreement, and all action by the Port in connection therewith (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Res. No. 07-20)

DIRECTOR'S RECOMMENDATION: RATIFY AND APPROVE PORT COMMISSION ADOPTION OF RESOLUTION NO. 07-14 APPROVING FOURTH AMENDMENT TO THE AMENDED AND RESTATED EXCLUSIVE NEGOTATION AGREEMENT

On February 27, 2007, the Port Commission adopted Resolution No. 07-14 which approved the Fourth Amendment to the Amended and Restated Exclusive Negotiation Agreement ("Amended ENA") with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project. The Fourth Amendment extends the term of the Amended ENA by 77 days to May 15, 2007, temporarily suspends, extends or adds certain Initial Performance Benchmarks to the Amended ENA, and revises the schedules for payment of Negotiating Fees and the Port's Transaction Costs. A copy of the Staff Report for Item 12B on the February 27, 2007 calendar is attached hereto and made a part hereof. A copy of the Fourth Amendment is on file with the Port Commission Secretary.

Staff Recommendation
Port staff request that the Port Commission ratify and approve the adoption by the Port Commission of Resolution No. 07-14 approving the Fourth Amendment to the Amended ENA with SF Piers LLC and all action by the Port in connection therewith.

Prepared by: Jennifer Sobol
Project Manager, Planning & Development

Print Covers Calendar Item No. 8B

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 07-20

RESOLVED, That the Port Commission hereby ratifies and approves the adoption of Resolution No. 07-14 approving the terms of the Fourth Amendment to the Amended and Restated Exclusive Negotiation Agreement ("Amended ENA") with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project and authorizing and directing the Executive Director of the Port, or her designee, to execute said Agreement, in substantially the form on file with the Port Commission Secretary.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 13, 2007.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

February 23, 2007

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director

SUBJECT: Request Approval to Execute Fourth Amendment to the Amended ENA Extending the Term and Amending the Benchmarks and Other Provisions (Site Location: The Embarcadero, between Francisco and Battery Streets) (Resolution No. 07-14)

DIRECTOR'S RECOMMENDATIONS: APPROVE AND AUTHORIZE EXECUTION OF FOURTH AMENDMENT TO AMENDED ENA

Background

On March 14, 2006, the Port Commission approved the Amended and Restated Exclusive Negotiation Agreement ("Amended ENA") between the Port and SF Piers LLC, whose members are Shorenstein Properties, LLC and Farallon Capital Management (hereinafter referred to as the "Developer") for a mixed-use recreation development with ancillary uses at Piers 27-31 ("the Project"). Under the terms of the Amended ENA the Developer was required to submit certain documents and obtain the endorsement by the Port Commission of a revised Development Memorandum prior to September 30, 2006, the original expiration date of the Amended ENA. The Port Endorsement Resolution was not obtained by September 30, 2006 for reasons explained below.

Since March 2006, Port staff and the Developer have been meeting regularly to discuss changes in the site plan and use program from the previous Mills' proposal to address community concerns that were raised during the public review process of the Mills' project. During the Developer's due diligence investigations, the Developer discovered significant increases in the costs to develop the Project, particularly in the substructure repair and improvement costs. In analyzing the impact of these increased costs, the Developer concluded that the Project was not feasible even with a provision for $2.1 million of rent credits for the cost of creating the Northeast Wharf Plaza open space. However, the Developer also concluded that the Project could be feasible as a public-private partnership if additional public monies were invested into

Print Covers Calendar Item No. 12B

the Project in addition to the private funds that the Developer would invest. Port staff and Bay Area Economics, the Port's independent real estate economics consulting firm, concurred with this conclusion.

On October 24, 2006, the Developer submitted to Port staff its Development Proposal for the Site. It included the proposed plans, a development schedule, financial terms and strategies for obtaining a determination of trust consistency and regulatory approvals. The Development Proposal was presented to the Port Commission on October 24, 2006.

On December 12, 2006, the Developer made another informational presentation further outlining its ideas for the recreation program. At that time, based on staff's recommendations, the Port Commission extended the expiration date of the Amended ENA to February 28, 2007 and also extended certain performance benchmarks. This additional time was necessary to enable the Developer to submit its development proposal, for the parties to investigate a public financing structure and find a mutually agreeable solution to the huge substructure costs and for the Port and the Developer to negotiate a revised Development Memorandum. The parties then engaged in a lengthy series of negotiation sessions resulting in a proposed Amended and Restated Development Memorandum ("Development Memorandum").

Originally, it was anticipated that the parties would seek approval of the Development Memorandum at the Port Commission hearing on January 9, 2007. However, after further consideration, the Developer decided that more time was needed in order to make the Project more consistent with the Public Trust doctrine and more appealing to the various stakeholders and constituents. The Developer therefore requested that the matter not be heard on January 9th and that further discussions take place with Port staff in order to determine whether the Project can be revised to include more trust-consistent uses and still be economically viable. The parties are still engaged in these discussions. The Developer requested that the expiration date of the Amended ENA be extended to May 15, 2007 (an additional 77 days) and Staff recommend the same.

Extension of Term of Amended ENA

Currently, the Amended ENA provides that the Term will automatically expire on February 28, 2007 unless all ten of the Initial Performance Benchmarks stated therein are satisfied by that date, including approval by the Port Commission of a resolution endorsing a revised Development Memorandum, which describes the revised Project and financial terms. Upon satisfaction of all ten of the Initial Performance Benchmarks prior to February 28, 2007, the term of the Amended ENA will be automatically extended, as provided in the Amended ENA.

Since the date of the execution of the Amended ENA, the following Initial Performance Benchmarks have been completely or partially satisfied by the Developer:

#1: Submittal of Proposed Plan of Development (Submittal does not include operation plan and affordability program for active recreation program)
#2: Submittal for the Development Schedule
#3: Submittal of Monthly Reports (except for November 2006 through February 2007)
#4: Submittal of Community Outreach Program
#5: Submittal of Trust Consistency Proposal
#6: Submittal of Regulatory Approval Strategy

#10: Weekly Meetings between the Port and the Developer

The following Initial Performance Benchmarks have not been met:

#7: Agreement on the Annual Budget for Transaction Costs
#8: Submittal of letter of intent from Active Recreation Operator
#9: Port Commission Endorsement Resolution of the Revised Development Memorandum

The Developer is requesting an extension of the Term of the Amended ENA by 77 days to May 15, 2007. It is anticipated that by that date the parties will have determined whether or not a revised Project that is more trust-consistent is feasible. Port staff hereby request approval of an extension of the term to May 15, 2007 and authorization for the Executive Director to execute the Fourth Amendment to the Amended ENA granting such extension. A copy of the Fourth Amendment is on file with the Commission Secretary.

Suspension, Extension and Addition of Certain Benchmarks

Benchmark #11: Staff recommend that a new Benchmark #11 be added to the Amended ENA to require the Developer to submit a revised Proposed Plan of Development, similar to Benchmark #1, by April 16, 2007.

Benchmark #9 –Port Endorsement Resolution

Currently, Benchmark #9 requires the Developer to obtain a resolution by the Port Commission endorsing a revised Development Memorandum prior to February 28, 2007. It is not anticipated that the parties will have reached agreement on a revised Development Memorandum by May 15, 2007. The first step is to determine whether a revised development plan is viable, both economically and in terms of uses. Staff therefore recommend that Benchmark #9 be temporarily suspended during this next extension period and re-activated with a new deadline if the Amended ENA is further extended beyond May 15th. It is anticipated that at the Port Commission hearing on May 8, 2007, Staff will present the new development proposal for Port Commission consideration and review and, if appropriate, request a further extension of the Amended ENA in order to give the parties sufficient time to negotiate new financial terms and other provisions of the revised Development Memorandum. Staff also will request re-activation of Benchmark #9 with a new deadline. If an extension is granted, the parties subsequently would seek endorsement by the Port Commission of the revised Development Memorandum at a later Commission meeting prior to the new expiration date.

Benchmark #8 required the Developer to submit a letter of intent from the Active Recreation Operator by November 3, 2006. This Benchmark was not completed. Staff recommend that this Benchmark be temporarily suspended during this next extension period until the use program in the new development concept is further defined. At the May 8, 2007 Port Commission hearing, if Staff request an extension of the Amended ENA, then we also will request re-activation of this Benchmark #8 with a new deadline and conditions.

Benchmark #7 required the parties to reach agreement on the Annual Budget for Transaction Costs by January 2, 2007. Port staff has submitted a draft budget to the Developer for the calendar year 2007, but there has not been final agreement on the budget. Staff recommend extension of this Benchmark #7 to March 15, 2007.

Benchmark #3 requires monthly reports. Staff recommend that this Benchmark be suspended temporarily during this next extension period and re-activated if the Amended ENA is further extended.

Port staff hereby request approval to suspend, extend and add the Benchmark deadlines, as set forth above, and authorization for the Executive Director to execute the Fourth Amendment granting the same.

Negotiating Fees

Currently under the Amended ENA, the Developer is required to pay $250,000 in Negotiating Fees to the Port as follows:

1	$25,000	Prior to Port's execution of the ENA
2	50,000	10 days after Port Endorsement Resolution
3	50,000	10 days after Endorsement Resolution by the Board of Supervisors
4	50,000	10 days after certification of the Environmental Impact Report
5	75,000	10 days after execution of Lease Disposition & Development Agreement
	$250,000	

The parties propose to amend the above schedule as follows:

1	$25,000	Prior to Port's execution of the ENA
2	25,000	10 days after Port Endorsement Resolution
3	25,000	10 days after Board Endorsement Resolution
4	25,000	10 days after certification of the EIR
5	25,000	10 days after execution of the LDDA
6	125,000	10 days after Port endorsement, Board endorsement & trust consistency
	$250,000	

Under this amended schedule the Negotiating Fees will be paid in two phases, a certain amount after the occurrence of the event specified above and the remaining amount after all of the following conditions are satisfied: (i) the Port Commission has endorsed the Development Memorandum, (ii) the Board of Supervisors has endorsed the Development Memorandum, and (iii) the Developer has procured a public trust consistency determination for the Project. If all of these conditions are not satisfied the Port will not receive the full amount of its Negotiating Fees.

Transaction Costs

Currently under the Amended ENA, the Developer is required to reimburse the Port in full for the Port's Transaction Costs, which costs include In House Costs (Port staff time and Port/City attorney fees) and Outside Costs (consultants and outside legal counsel).

The parties propose to amend these provisions as follows:

For In House Costs the Developer will pay the Port fifty percent (50%) of the In House Costs as they are incurred and the remaining fifty percent (50%) after all of the following conditions are satisfied: (i) the Port Commission has endorsed the Development Memorandum, (ii) the Board of Supervisors has endorsed the Development Memorandum, and (iii) the Developer has procured a public trust consistency determination for the Project. If all of these conditions are not satisfied the Port will not receive the remaining fifty percent (50%) of its In House Costs. From and after

the date that all of these events have occurred, the Developer is required to pay the In House Costs in full.

For Outside Costs the Developer will remain responsible to reimburse the Port in full for the Port's consultant fees and outside legal counsel fees as they are incurred.

The purpose of these revisions to the Negotiating Fees and the Transaction Costs, from the Developer's perspective, is to better align the interests of the Port and the Developer toward the timely and successful implementation of the Project. If the parties are successful, the Port will be fully reimbursed; if the Project fails, then the Port will bear some of the loss.

Staff Recommendation

Port staff request that the Port Commission (1) approve the 77-day extension of the Term of the Amended ENA to May 15, 2007; (2) approve the temporary suspension, extension and addition of the Benchmark deadlines as set forth above; (3) approve the new payment schedules for Negotiating Fees and Transaction Costs as set forth above; and (4) authorize the Executive Director to execute the Fourth Amendment to the Amended ENA.

Prepared by: Jennifer Sobol, Project Manager
Planning & Development

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PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 07-14

WHEREAS, Charter Section B3.581 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and

WHEREAS, The Port Commission at its March 14, 2006 meeting, by Resolution No. 06-22, approved the terms of an Amended and Restated Exclusive Negotiation Agreement ("original Amended ENA") between the Port and SF Piers LLC, a Delaware limited liability company (herein the "Developer"); and

WHEREAS, The Term of the original Amended ENA, as amended by a First, Second and Third Amendments (the "Amended ENA"), expires on February 28, 2007, and the Developer has requested an extension of the Amended ENA Term to May 15, 2007; and

WHEREAS, Port staff and the Developer wish to further amend the Amended ENA to (i) revise the schedule for payment of negotiating fees by the Developer; (ii) revise the terms for payment of the Port's transaction costs; and (iii) suspend, extend and add certain Benchmark deadlines, all as described in the Memorandum to Port Commissioners dated February 23, 2007 for Calendar Item No. 12B (the "Staff Report"). Copies of the Fourth Amendment to the Amended ENA reflecting these revisions and the Staff Report are on file with the Commission Secretary and are incorporated herein by this reference; and

WHEREAS, Port staff recommend to the Port Commission that it extend the Term of the Amended ENA to May 15, 2007, approve the revisions to the Fourth Amendment to the Amended ENA, and authorize and direct the Executive Director to execute the same, in substantially the form on file with the Commission Secretary; NOW, THEREFORE, BE IT

RESOLVED, That the Port Commission hereby approves the extension of the Amended ENA Term to May 15, 2007; and be it further

RESOLVED, That the Port Commission hereby approves amendments to the Amended ENA to (i) revise the schedule for payment of negotiating fees by the developer; (ii) revise the terms for payment of the Port's transaction costs; and (iii) suspend, extend and add certain Benchmark deadlines, all as described in the Memorandum to Port Commissioners dated February 23, 2007 for Calendar Item No. 12B, as reflected in the Fourth Amendment to the Amended ENA on file with the Commission Secretary; and be it further

RESOLVED, That the Port Commission hereby authorizes and directs the Executive Director of the Port, or her designee, to execute the Fourth Amendment to the Amended ENA, in substantially the form on file with the Commission Secretary, with the

understanding that the final terms and conditions of any lease disposition and development agreement, lease or related documents negotiated between the Port and the Developer during the exclusive negotiation period will be subject to the approval of the Port Commission; and be it further

RESOLVED, That the Port Commission hereby authorizes and directs the Executive Director of the Port, or her designee, to take all such further actions, including execution of documents in consultation with the City Attorney, as are necessary or advisable to effectuate the purpose and intent of this Resolution, so long as such actions and/or agreements do not materially increase the Port's anticipated obligations or decrease the Port's anticipated benefits and are consistent with this Resolution; and be it further

RESOLVED, That the Port Commission, pursuant to Section 7.2 of the Amended ENA, hereby authorizes the Executive Director of the Port, or her designee, to waive or extend the times for performance of the Performance Benchmarks (as defined in the Amended ENA), including, without limitation, the right to condition such waiver or extension on additional Performance Benchmarks or other conditions required by the Port in its sole discretion, provided that such extension does not extend the Term of the Amended ENA; and be it further

RESOLVED, That entering into the Fourth Amendment to the Amended ENA does not commit the Port Commission to approval of a final lease, lease disposition and development agreement or related documents, and that the Port Commission shall not take any discretionary actions committing it to the Project until it has reviewed and considered environmental documentation prepared in compliance with the California Environmental Quality Act (CEQA).

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 27, 2007.

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

March 9, 2007

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval to amend the current policy, including related rental rates, and authorize implementation as of April 1, 2007 of the Airspace Portion of the Port's Sidewalk, Airspace, and Curbspace Encroachment Policy No. 06-48 adopted June 2006.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

Background:

On June 13, 2006, the Port Commission adopted the Sidewalk, Airspace, and Curbspace Encroachment Policy No. 06-48 ("Policy") for the sidewalk, airspace, and curbspace on the south side of Jefferson Street and west side of Powell Street in Fisherman's Wharf ("Policy Area). The goals of the Policy were to:

1. Require licenses for existing unlicensed and new airspace uses in the Policy Area,
2. Obtain insurance coverage from licensed users of the Policy Area,
3. Reduce the volume of signage and sidewalk uses in the Policy Area,
4. Ensure that Licensees' use of the Policy Area is ADA compliant,
5. Partially offset the Port's maintenance expenses in the Policy Area through the imposition of fees for the use of the Policy Area, and
6. Commence implementation of the Policy on January 1, 2007.

In the months following adoption of the Policy, Port staff surveyed and mapped every affected storefront within the Policy Area, identified each property and business owner, created a simplified application and implementation process, expedited the Building Permit program with San Francisco's Department of Building Inspection ("DBI"), and obtained exemptions from First Source and HCAO legislation in the license agreements for the Policy Area.

This Print Covers Calendar Item No. 9A

Shortly before the implementation date of the Policy, several property and business owners indicated that they disagreed with the Port's rental rates for the airspace encroachments and requested a 60-day deferral of the implementation of the program to review the rates and the sign guidelines.

Port Staff Community Meetings:

On January 9, 2007, the Port Commission approved a deferral of the airspace portion of the program until March 13, 2007. Staff had several more meetings with affected business owners and Community Benefit District ("CBD") representatives. Many ideas and issues were expressed, including the following:

1. Perception that the fees are too high, particularly for large users.
2. There is a real or perceived difficulty in calculating the fees.
3. The affected businesses pay high rents on leases that were negotiated with the expectation that they had the free use of the airspace in front of their stores.
4. The affected businesses had created their budgets without an allowance for fees associated with the use of Port property.
5. Budgets did not anticipate removal or replacement of costly airspace uses.
6. Perception that the Port developed the fees for the sole purpose of covering its maintenance costs in the area.
7. Request that the Port should survey all the airspace uses and provide the fee calculations for existing users.
8. Request that the Port should develop gradual rates for airspace uses.

At the meetings, Port staff and CBD representatives presented various options in response to the community's concerns. The request to delay implementation included the CBD's desire to engage in the services of EDAW, an urban design firm that had prepared a Fisherman's Wharf Vision Plan in December of 2006 for the CBD. In late December, EDAW submitted an estimate of $54,000 to the CBD to provide a new report for district-wide sign guidelines. The CBD had requested that the Port split the cost. It was explained to them that the Port has Sign Guidelines and staff qualified to amend the existing document and that we would not be participating in the cost. We did offer our expertise in reviewing EDAW's report. Ultimately, the cost and time constraints prohibited achieving this goal. It is now a long-term goal for the Port and CBD to work together to amend the Port's Sign Guidelines to include a special use district and to seek adoption of the guidelines by the City's Planning Department, thus creating a seamless set of guidelines across the two jurisdictions.

With time at a premium, Port staff drafted and proposed modifications that would address the issues identified by both groups. This proposal has gone through several revisions. Port staff continues to meet with property owners as of the printing of this staff report to explain the changes. In essence, the Port developed the new pricing structure proposed herein and changed the licensee from merchant to property owner. This provided the critical element to meet the majority of our shared objectives.

Issues and Solutions

In June 2006, the Port Commission approved a specified fee schedule for airspace encroachments which is attached hereto as Exhibit A. The primary issue in dispute under the existing policy involves the monthly rental rate of$30 per cubic foot for signage. Port staff has carefully evaluated the existing cubic sign pricing structure. The cubic foot rental rate favors thinner signs and the square foot rate favors thicker signs. It is only at the point that a sign is one foot (1') thick that the fee is the same for both cubic and square foot measurements. As a result, those rental rates were not meeting the Port's stated goals. This led to further definition of signage to include different measurement application methods for two and three dimensional signs as well as the development of a tiered pricing structure.

There are two key changes to the existing Policy. The first is the alteration of the pricing structure and the second is to enter into agreements with the property owner rather than the merchant. In addressing the first change, the new Policy reduces the monthly rate of $30 per cubic foot per month ($360 annually) to a Five-Tiered Price Schedule (attached hereto as Exhibit B). The proposed pricing tiers will range from $20 to $100 per linear foot per year and are based on the ratio of total airspace encroachments to linear feet of building frontage. The purpose is to charge thick sculptural signs at a higher rate than thin, less imposing flat or blade signs. Rates for awnings remain the same as the June 2006 adopted rate schedule. They have not been challenged by the community. However, staff has elected to reduce the cost of uplights from $120 each annually to $50 each annually in anticipation that the amended sign guidelines will discourage internally lit signs.

Attached as Exhibit C is a matrix that compares the goals and issues of the original June 2006 Policy against the merits of the proposed revised Policy. Port staff has also conferred with the community in the development of a gradual implementation program. Without precise measurements of the existing signs, it is difficult to establish the correct rental rate. Also, during the implementation period, some sign owners may choose to upgrade their signs and obtain a lower rental rate.

To resolve this issue, we have created an interim rate based purely upon the linear frontage of the building. Property owners with encroachments in the Tier 4 and 5 levels can pay the lower interim rate through March 31, 2008. If they choose to, they can use this time and their savings to install new signage that puts them in the lower tiered rate. It is estimated that the Port Engineering Department will complete the encroachment measurement survey by July 1, 2007.

The Airspace Use License will be for a term of one year and will include automatic renewal language for Licensees in good standing with the Port. Rates will be changed by the incremental increase in total CPI over the period. Periods will be measured in five year increments starting July 1, 2010.

EXAMPLE OF INTERIM AND MINIMUM FEE PRICING STRUCTURE

Building Frontage Linear Feet: 100

Interim License Fee:
$80 per linear foot annually = $8,000

Minimum License Fee

Pricing Structure	Rate per Linear foot	Ratio of Signage to linear feet	Range of Total Sq. & Cu. Ft. available for use	Annual Rate
Tier One	$20	<1:1	99	$2,000
Tier Two	$40	1 to 1.5:1	100 to 149	$4,000
Tier Three	$60	1.5 to 2:1	150-199	$6,000
Tier Four	$80	2-2.5:1	200-249	$8,000
Tier Five	$100	2.5-3:1	250+	$10,000

In the attached Exhibit D: Case One, it is estimated that a building consisting of 180 linear feet with 347 combined square and cubic feet of signage would qualify for the Tier 3 rate of $60 per linear foot of building frontage (180:347= 1.93 ratio), and pay the interim rate of $14,400 for the first year, then would pay the Minimum License Fee of $12,180 per year (including awnings and down lights). The ratio of combined square and cubic feet in the Tier 3 range is 270 to 360 sq. + cu. ft. The property owner may utilize this range without amendment to the license. They can also clearly see the benefit of reducing signage to a lower tier. In this case, the property owner would likely choose to submit an application to take advantage of the lower rate. To compare with the original pricing structure, this building (see Exhibit D with two case studies) would have incurred over $110,000 in annual Airspace Use fees.

The above exhibit illustrates why a property owner would want to enter into the Minimum License fee structure immediately rather than incur the higher Interim License Fee. Those property owners with Tier 5 ($100 per linear foot) will prefer to stay with the lower Interim rental rate ($80 per linear foot) through the first year. This savings can provide the time necessary to plan and implement a smaller signage program for the building resulting in savings over the useful life of the new signage.

The second key change to the existing Policy is to enter into airspace agreements directly with the property owner whose building is adjacent to the Policy Area. The previous Policy contemplated Licensing directly with the property owner's tenants. Simplification in administration and enforcement is the basis for the reduced fee schedule. Originally, the Policy anticipated the Port entering into Airspace Use Permits with each sign owner. This was because of the internal administrative difficulties involved in amending a license with a property owner each time an attachment to their building changed. However, in developing a

tiered pricing schedule we found that we would only need to amend a License if the Licensee moved from one Tier to another as explained in the table and example above. At the same time, it would encourage signs to conform to the Policy goals and the existing Port Sign Guidelines (one square foot of signage for each linear foot of frontage; stated as a 1:1 ratio) as well as lay the foundation for the amended sign guidelines goal.

With the tiered pricing model, it is possible to enter into a License directly with a property owner and obtain additional advantages:

1. The Port will only need to enter into twenty-one Licenses, as opposed to over eighty-five Licenses.
2. The property owner can sub-license the airspace use and pass the cost through proportionately to their applicable tenants.
3. The property owner can more easily add and remove unpaid and/or unlicensed encroachments than the Port can.
4. The property owner can more easily add signage within their ratio at no additional cost or amendment to the License.
5. If a property owner's ratio moves from one tier to another, fee adjustments can be made with simple documentation.
6. A tiered pricing policy encourages the reduction of large signs, achieving the goal of the CBD to control signage.

Some property owners stated that their existing leases do not allow a pass-through of this "common area" encroachment. This would not be the case because the existing retail leases are not with the Port and are for non-Port property. This new license covers an area not previously encumbered by contract and thus does not pertain to existing lease agreements between property owners and their tenants. The new license area consists of no more than four feet (4') across the width of the sidewalk, and at least 80 inches above the sidewalk.

By law, the Port is prohibited from contracting with those properties for which an owner or manager who holds office, elected or appointed, with the City and County of San Francisco if they have an interest that creates a conflict between his or her official duties with the Port. In these instances, the Executive Director will issue the License to the tenant(s) rather than the property owner.

Summary

We are already witnessing improvements that meet the objectives of the Sidewalk and Airspace Use Policy: businesses are downsizing their sidewalk uses and utilizing the seasonal provisions of the Commercial Sidewalk Use Permit, resulting in more pedestrian-accessible sidewalks; one freestanding kiosk operator is building out space in an adjacent storefront rather than encumbering the sidewalk; another business is combining a medium-sized blade sign with a large surface-mounted sign; others are keeping airspace uses within their premises and off Port property.

These new licensing and pricing practices for Airspace Uses will continue the trend towards a better environment at Fisherman's Wharf, ultimately supporting the goals of the Community Benefit District ("CBD").

The Port supports the goals of the Fisherman's Wharf CBD. Port staff will continue to work with the CBD over the next several months to amend the Port's Sign Guidelines and develop a cohesive set of Sign Guidelines for the district by adding a *Special Use District: Fisherman's Wharf* section. The intent is to create a document that will also be adopted by the City's Planning Department.

The Fisherman's Wharf CBD supports the proposed changes to the program. We are discussing a joint community workshop to inform merchants of the process for changing their signage. The Port staff will focus on applications, approval process, and permitting. The CBD will focus on design elements that will contribute to the visitor experience at Fisherman's Wharf.

Recommendation:

Port staff recommends that the Port Commission approve the resolution amending the airspace portion of the Sidewalk, Airspace, and Curbspace encroachment Policy 06-48 adopted on June 13, 2006 per the attached Exhibit B: Minimum Airspace License Fee Schedule and Additional Modification to Airspace Use License regarding Airspace uses in the Policy Area effective April 1, 2007.

Prepared by: Claudia Davison,
Commercial Property Manager

Katharine Arrow,
Senior Property Manager

For: Susan Reynolds,
Deputy Director, Real Estate Division

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 07-21

WHEREAS, By Resolution No 06-48, the Port Commission adopted the Sidewalk, Airspace, and Curbspace Encroachment Policy on June 13, 2006 ("Policy") for the south side of Jefferson Street and west side of Powell Street in Fisherman's Wharf (the "Policy Area"); and

WHEREAS, at the request of concerned community members, by Resolution No. 07-06 the Port Commission approved a delay in the implementation of the Airspace portion of the Policy until March 13, 2007 while Port staff and community members negotiated possible changes; and

WHEREAS, those negotiations have resulted in the development of a gradual implementation program and a different pricing structure; and

WHEREAS, agreements for airspace uses will be entered into by the Port only with the adjacent property owners in the Policy Area; and

WHEREAS, to implement the administrative and pricing efficiencies of the amended Policy; now therefore be it

RESOLVED, that this Port Commission hereby authorizes the Executive Director of the Port, or her designee, to enter into licenses for airspace uses with the property owners or duly-authorized entity of the adjacent non-Port properties within the Policy Area, except for those properties for which an owner or manager who holds office, elected or appointed, with the City and County of San Francisco, has an interest that creates a conflict between his or her official duties and contracting with the Port, in which case the Executive Director, or his or her designee is hereby authorized to issue the License to the tenant(s) of the owner or duly-authorized entity; and be it further

RESOLVED, that the Port Commission approve the resolution amending the airspace portion of the sidewalk, airspace, and curbspace encroachment Policy 06-48 for the south side of Jefferson Street and west side of Powell Street in Fisherman's Wharf (the "Policy Area") adopted on June 13, 2006 per the attached Exhibit B: Minimum Airspace License Fee Schedule and Additional Modification to Airspace Use License regarding Airspace uses in the Policy Area effective April 1, 2007.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 13, 2007.

_____
Secretary

EXHIBIT A

MINIMUM MONTHLY USER RATE SCHEDULE

To simplify administration and enforcement, most Encroachment Permits will be issued for full calendar months in three month terms and will not be pro-rated for partial months. Monthly fees that are less than $1,200.00 per month must be prepaid for the entire Permit term. Display tags will be issued for only the pre-paid period of the Permit term.

- Sidewalk Encroachments may not be more than two feet deep from the Port's property line.
- Airspace Encroachments may not be more than four feet deep from the Port's property line.

Rates for Sidewalk and Airspace Encroachments for non-Port tenants at Fisherman's Wharf:

Public amenities up to two feet deep	$ -0-
Signs, banners, etc. less than four inches deep affixed to adjacent non-Port property	$ -0-
Sidewalk Commercial Merchandise display encroachments up to two feet deep	$ 60.00 per square foot
Commercial table and chair encroachments up to four feet deep	$ 10.00 per square foot
Uplights mounted at sidewalk level or on adjacent building	$ 10.00 each light fixture
Signage on or imbedded in Port's sidewalk	$ 10.00 per square foot
Awning encroachment up to four feet deep with optional address	$ 0.75 per linear foot
Additional cost for Commercial signage on an awning	$ 10.00 per square foot
Commercial airspace encroachments up to four feet deep	$ 30.00 per cubic foot
Freestanding kiosks up to two feet deep and four feet long	$2,000.00

Fee for Curbspace:
A $24.00 daily rate based upon the $2.00/hour parking meter rate for the twelve hour operating window applied to each metered parking space or an equivalent non-metered curbspace. This rate may be amended in accordance with any adjustment by the Port Commission in the Port's meter rates.

EXHIBIT B
MINIMUM AIRSPACE LICENSE FEE SCHEDULE and ADDITIONAL MODIFICATIONS TO AIRSPACE USE LICENSE FOR NON-PORT TENANTS AT FISHERMAN'S WHARF

Licenses for Airspace Encroachments attached to non-Port property adjacent to Jefferson and Powell Streets ("Policy Area") will be executed with the property owner or manager authorized to execute agreements ("property owner"), with the exception of those properties for which an individual who holds office, elected or appointed, with the City and County of San Francisco has an interest, that create a conflict between his or her official duties with the Port. In such cases, the License may be executed directly with the tenant with the encroachment until such time as such conflict is expunged.

Modifications:

- Airspace uses must be at least 80" above the sidewalk and may not extend more than four feet into the Port's property.
- Two-dimensional signs are defined as less than one foot in depth.
- Three-dimensional signs are defined as one foot or greater in depth or utilize the side for signage and/or product promotion.
- Banners are considered permanent signage if installed for more than two weeks and are priced at the square foot rate. Banners installed for two consecutive weeks or less require a separate permit that is obtained through the Port's Planning Department.
- Airspace uses will be measured from the actual Port property line. There will no longer be a 4 inch "free zone".
- Signs will be measured from their outermost edge. If hardware includes text, logo, or other images, it will be included in the measurements.
- All new signage is subject to the Port's Guidelines for Review and Approval of Signs and Murals as approved June 18, 2004 and as amended from time to time.
- Airspace uses include, but are not limited to, signs, encroachments, awnings, lighting, and other building elements.

Annual License Fee Schedule:

Public Amenities:	$ -0-
Commercial Airspace Uses:	
Awnings	$ 9.00 per linear foot
Lights mounted on non-Port building	$ 50.00 each light fixture

Commercial Airspace Signage, business name, products, logos, etc.:

Interim License Fee, April 1, 2007 through March 31, 2008:

- The Interim License Fee requires property owners to pay $80 per linear foot of building frontage for no more than one year measured from the start date of the license.
- Complete license applications received by April 30, 2007 will receive an incentive deferral of the license fee to a start date of July 1, 2007, effectively waiving the fee for three months. License agreements must be fully executed no later than July 1, 2007.

Minimum License Fee:

- Property owners must submit an Application for the Airspace Use License, which includes all measurements, between April 1, 2007 and March 31, 2008.
- Encroachment measurements will be conducted by Port.
- If the cost of the Interim License Fee is higher than the Minimum License Fee, the property owner may submit a Minimum License application prior to April 1, 2008.
- Property owners with higher Minimum License Fees may enjoy the Interim License Fee through March 31, 2008.

Minimum License Fee: Tiered Pricing Structure:

- **Tier 1**: $20.00 annually per linear foot based upon the total encroachments that are less than one square and/or cubic foot of commercial airspace use per linear foot of building frontage (< 1:1 ratio),
- **Tier 2**: $40.00 annually per linear foot based upon the total encroachments that are one to one and a half (1½) square and/or cubic foot of commercial airspace use per linear foot of building frontage (1 to 1½:1 ratio),
- **Tier 3**: $60.00 annually per linear foot based upon the total encroachments that are more than one and one half (1½) to two square and/or cubic feet of commercial airspace use per linear foot of building frontage (1 ½ to 2:1 ratio),
- **Tier 4**: $80.00 annually per linear foot based upon the total encroachments that are more than two to two and one half (2 ½) to three square and/or cubic feet of commercial airspace use per linear foot of building frontage (2 ½to 3:1 ratio).
- **Tier 5**: $100.00 annually per linear foot based on the total encroachments that are more than three square and/or cubic feet of commercial airspace use per linear foot of building frontage (3:1 ratio).

See attached Exhibit D for examples of Case One and Case Two.

AMENDED ANNUAL MINIMUM RATES FOR AIRSPACE USES IN THE FISHERMAN'S WHARF AREA WITHIN THE PORT OF SAN FRANCISCO'S JURISDICTION







Annual Fees for Airspace Uses:

80" above sidewalk and up to four feet deep per Port's Rules & Regulations:

- Awnings with optional street address: $9.00/linear foot (length parallel to sidewalk)
- Lights mounted on building: $50.00 each
- Commercial signage: business name, products, logos, etc.:

1. Two-dimensional commercial signage less than one foot (1') deep: square foot unit
2. Three-dimensional commercial signage more than one foot (1') deep or utilizing the edges for additional signage, measured as if inside a shipping box. Applicants may submit actual measurements (CAD drawings) for 3D signage and use the lower cubic foot total.
3. **Tier 1**: $20.00 annually per linear foot based upon the total encroachments that are less than one square and/or cubic foot of commercial airspace use per linear foot of building frontage (< 1:1 ratio),
4. **Tier 2**: $40.00 annually per linear foot based upon the total encroachments that are one to one and a half (1½) square and/or cubic foot of commercial airspace use per linear foot of building frontage (1 to 1½:1 ratio),
5. **Tier 3**: $60.00 annually per linear foot based upon the total encroachments that are more than one and one half (1½) to two square and/or cubic feet of commercial airspace use per linear foot of building frontage (1 ½ to 2:1 ratio),
6. **Tier 4**: $80.00 annually per linear foot based upon the total encroachments that are more than two to two and one half (2 ½) to three square and/or cubic feet of commercial airspace use per linear foot of building frontage (2 ½to 3:1 ratio).
7. **Tier 5**: $100.00 annually per linear foot based on the total encroachments that are more than three square and/or cubic feet of commercial airspace use per linear foot of building frontage (3:1 ratio).

EXHIBIT C
Matrix for
Proposed Changes to Airspace Use Policy

Goals and Issues	Solution	Old tenant-based permit	New property owner-based license
Original Program Goals			
Eliminate illegal Airspace Encroachments	Execute agreements	X	X
Place Airspace Users in contract, including insurance	Port Commission approves program	X	Recommended by Port Staff
Improve maintenance of encroachments	Puts responsibility on agreement holder	X	X
Offset a portion of the Port's maintenance costs to Jefferson Street	Collect fees from Airspace Users	X	X
Implement program on January 1, 2007	CBD requests 60 day delay in implementation to propose changes	Not retroactive	Delays fees for timely applications to July 1
Issues			
Perceived difficulty in calculating measurements and applicable rates.	Simplify calculations and rates by having Port complete this portion of the application.		Port will provide measurements and calculations over a two month period starting May 1.
Perceived high cost to some merchants	Reduce Port's administrative costs which allows for reduction in fees charged		Change Licensee from merchants to property owners. Reduce number of licenses issued from 85 to 21.
See issue above	Provide an Interim Rate based on linear feet, not encroachments. Until measurements are completed, rates won't be known.	Tenants responsible for measurements.	Port incurs cost to measure all encroachments.
See issue above	Measured rates provide a range of signage allowed per linear foot.		Tiered pricing allows property owners to add or reduce signage within their tiered rates without need to amend license or change fees due.

EXHIBIT C
Matrix for
Proposed Changes to Airspace Use Policy

Goals and Issues	Solution	Old tenant-based permit	New property owner-based license
Not budgeted for current year	Reduce rates for the first year to assist with budgets, planning, and new sign designs and installation.	Program, including fee schedule approved 6/13/06, distributed as of 11/1/06.	Program delayed from Jan to April. Fees waived to July 1 for applications received by April 30, 2007.
Changes do not take into account the desire for revised sign guidelines for district.	Long term goals include amending Port Sign Guidelines by adding a Special Use District: Fisherman's Wharf. Port and CBD to work with CCSF to match documentation		Changes incorporate Square Foot to Linear Foot ratio, a key element in Port and CCSF Sign Guidelines.
CBD's desire to enhance the visitor experience by reducing volume of signage on Jefferson Street	Incremental pricing based on density	Rates would encourage installation of new, smaller signage.	Provides incentives to reduce signage and thus reduce license fees using the five tiered pricing based on ratio of signage to linear building frontage.
Per CBD, permitting of signage cannot be the responsibility of the property owners due to existing leases with tenants, which preclude owners from enforcing fees.	We are only offering to license space where the signs are allowed, not the space below the encroachment.		The license covers an area not previously encumbered by contract and thus does not pertain to existing lease agreements between property owners and their tenants.
See issue above	Change agreement from a permit to a license. A permit authorizes an act; a license gives non-exclusive use of the premises or space.		Port will consent to sub-license of the Licensed area subject to regulatory approval.
Eliminate illegal Airspace Encroachments	License with Property Owners		Encroachments are permanent fixtures to building and become the property and responsibility of owner.
Place Airspace Users in contract, including insurance	License with Property Owners	Tenants may have difficulty getting insurance for property outside of their premises.	Property owners carry General Liability for their property, the license permits the encroachment.
Per CBD, Encroachment fees intended to cover Port's maintenance fees for area and should be restricted for that use. Excess fees should be put in a fund.	Port Maintenance costs (est. $360K annually) were to be offset by revenues and were to be deposited into the general fund. Fees support mandate to optimize Port revenues and can be used to fund non-revenue generating Port projects. Estimates did not include administrative	Higher revenues are possible under this program; however revenues will be offset by operating expenses. Costs unknown.	Reduced revenues offset by reduced administrative costs.

Exhibit D

Example of Airspace Use: Interim and Minimum License Calculations

Interim Permit Pricing, effective 4/1/07-3/31/08

Property owners with airspace uses pay a flat fee of $80.00 per linear foot of building frontage.

Minimum Permit Pricing, effective 4/1/08*

Tier One:	<1sf/cu. ft: 1 linear foot	$ 20.00
Tier Two:	1 sf/cu.ft: 1 linear foot	$ 40.00
Tier Three:	1 1/2 sf/cu. ft: 1 linear foot	$ 60.00
Tier Four:	2 sf/cu. ft: 1 linear foot	$ 80.00
Tier Five:	2 1/2+ sf/cu. ft: 1 linear foot	$ 100.00

*summarized rates. Full details see exhibit B, Minimum Airspace License Fee Schedule

CASE ONE

Description*	Sign/Encroachment Dimensions Length	Height	Depth	Cubic and Square Feet	Interim Rate 4/1/07 - 3/31/08	Minimum Rate 4/1/08 & beyond	Annual Fee
Building Signs = or > 1' deep:				**Cu. Ft.**	$80.00 per frontage foot per year:	Sq. Ft. & Cubic Ft. of Signage per frontage foot per year:	
Blade sign at corner	5.67	19.00	2.50	269.33			
Surface of Sign < 1' deep:				**Sq. Ft.**			
Signage on awning, muliplied by 3 sides	10	1		30.00			
Blue Mermaid blade sign @ corner	3	2		6.00			
Blue Mermaid sign over awning	3	2		6.00			
Blazing Saddles Bicycle Rentals	4	2.9		11.60			
Ben & Jerry's Ice Cream	4	4		16.00			
Nat'l. Park Service (est'd.)	2	4		8.00			
Total square and cubic feet of encroachments				**346.93**		**346.93**	
Annual Fee Calculation							
Linear Feet of Building Frontage*				**180.00**			
Interim Annual Fee:					$80.00		**$14,400.00**
Minimum Annual Fee:		**Ratio:**	**1 1/2:1**	**= Tier Three**		$ 60.00	**$10,800.00**
Building frontage is approx. 180 linear feet.							
Range of signage in Tier Three Rate is 270 to 360 linear							
No Changes in Other Airspace Rates				Rate	Monthly		
Downlights (Public Amenity)				$0	$0.00		
Blue Mermaid side awning, linear ft.	4			$0.75	$3.00		
Blue Mermaid entry awning, linear ft.	4			$0.75	$3.00		
Argonaut awning, linear ft.	12			$0.75	$9.00		
Uplights, 10				$10.00	$100.00		
Total Other Airspace Use Rates					$115.00		$1,380.00
Total Estimated Annual Airspace License Fees							**$12,180.00**

CASE TWO

Description*	Sign/Encroachment Dimensions Length	Height	Depth	Cubic and Square Feet	Interim Rate 4/1/07 - 3/31/08	Minimum Rate 4/1/08 & beyond	Annual Fee
Building Signs = or > 1' deep:				**Cu. Ft.**	$80.00 per frontage foot per year:	Sq. Ft. & Cubic Ft. of Signage per frontage foot per year:	
None							
Surface of Sign < 1' deep:				**Sq. Ft.**			
Jack's Blade Sign	2	2		4.00			
Oakville Grocery Blade Sign	1.5	1.5		2.25			
Cannery Star Blade Sign	2.5	2.5		6.25			
Total square and cubic feet of encroachments				**12.50**		**12.50**	
Annual Fee Calculation**							
Linear Feet of Building Frontage*				**150.00**			
Interim Annual Fee:					$80.00		**$12,000.00**
Minimum Annual Fee:		**Ratio:**	**less than 1:1**	**=Tier One**		$ 20.00	**$3,000.00**
Building frontage is approx. 150 linear feet.							
Range of signage in Tier One Rate is 0 to 149 linear feet.							

*All measurements subject to verification

PORT OF SAN FRANCISCO

MEMORANDUM

March 9, 2007

TO: MEMBERS, PORT COMMISSION
Hon. Anne Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director

SUBJECT: Approval of CEQA Findings for Trans Bay Cable, LLC ("TBC") to install an electricity transmission line in San Francisco Bay and 23rd Street.

DIRECTOR'S RECOMMENDATION: APPROVE CEQA FINDINGS

BACKGROUND

Trans Bay Cable LLC ("TBC") proposes to install a 400 MW high voltage direct current transmission line ("Project") beneath the Bay, between the cities of Pittsburg and San Francisco. Port staff made informational presentations to the Port Commission on December 12, 2006 and February 27, 2007 regarding the Project.

The Project sponsor is a wholly-owned subsidiary of Babcock & Brown LP, a San Francisco-based company, in cooperation with Pittsburg Power Company, a municipal utility. The primary goal of the Project is to transmit electrical power from the East Bay, which has excess electricity-generation capacity, and to reduce transmission grid congestion to the distribution facilities in San Francisco.

The California Independent System Operator (CAISO), a not-for-profit public-benefit corporation charged with operating the majority of California's high-voltage wholesale power grid and planning to ensure reliable electric service, approved the Project as the preferred long-term transmission alternative to address the identified electric reliability concerns in San Francisco and northern San Mateo County beginning in 2012. CAISO subsequently conducted additional analysis, which found that San Francisco may face a reliability problem as early as 2010, and now supports an earlier date of operation for the Project.

This Print Covers Calendar Item No. 9B

The Project consists of the following major components:

- Approximately 53 miles of 10-inch diameter high voltage direct current ("DC") cable buried in Bay sediment between PG&E's Pittsburg Substation and its San Francisco Potrero Substation, including 9.4 miles of submerged lands and a small portion of shoreline under Port jurisdiction (see Exhibit A).

- A DC cable route from the edge of the San Francisco Bay immediately south and east of 23rd Street to a San Francisco converter station site.

- Construction of converter stations in Pittsburg and San Francisco, which are utilized to convert DC transmitted by the cable to alternating current ("AC"). In San Francisco, pursuant to the Project Final Environmental Impact Report ("FEIR"), the mitigated location for this proposed 5-acre converter station is the Harrigan Weidenmuller Company ("HWC") site, which is private property located on Illinois Street between 23rd and 24th streets.

- An AC cable route connecting the San Francisco converter station site and the existing local PG&E Potrero Substation.

APPROVAL OF CEQA FINDINGS (Resolution 07-22)

The City of Pittsburg ("Pittsburg"), which is the lead agency for the Project under the California Environmental Quality Act ("CEQA"), published a Draft EIR in May 2005. During the public comment period, Pittsburg received numerous written and verbal comments from various entities, including more than 80 comments from the City of San Francisco (including the Port, PUC, City Attorney's Office, and Planning Department). The Final EIR (FEIR), which included comments and responses, was issued on October 16, 2006 and certified by Pittsburg on November 6, 2006. After certification of the FEIR, Pittsburg issued an Addendum to describe changes in the converter station enabled by commercial availability of new technology for the converter station. The proposed changes did not trigger the requirement of supplemental or subsequent environmental review. The CEQA process was described in the February 27, 2007 informational report to the Port Commission, and in more detail in the attached "Findings Affirming Operational License and Major Encroachment Permit for the Trans Bay Cable Project" ("Findings").

Pursuant to the requirements of CEQA, California Public Resources Code Sections 21000 et seq., the Guidelines for Implementation of CEQA, 15 Cal. Administrative Code Section 15000 et seq., (CEQA Guidelines) and Chapter 31 of the San Francisco Administrative Code, the Port Commission must review and consider the information contained in the FEIR, and adopt CEQA findings prior to approving any uses analyzed in the FEIR. Accordingly, the Findings are attached to this staff report for Port Commission review and adoption as Attachment A. The Findings include: 1) a description of the Project, 2) discussion of the FEIR and Addendum,

3) the disposition of each of the mitigation measures pertinent to the San Francisco components of the Project that are proposed in the FEIR and Addendum, and 4) the FEIR/Addendum alternatives and the reasons for the Port Commission's rejection of those alternatives.

The Findings include two supporting exhibits: Exhibit 1 provides the text of each mitigation measure identified by the EIR, including those found to mitigate, reduce, or avoid significant environmental effects and to be adopted by the Port as a condition of its approval of Licenses to TBC, and those that fall within the joint jurisdiction of the Port Commission and other City agencies (i.e. Department of Building Inspection, Department of Parking and Traffic). Exhibit 2 consists of a Mitigation Monitoring and Reporting Program (MMRP), which would be adopted by the Commission as required by Section 21081.6 of the Public Resources Code. The purpose of the MMRP is to determine the stage at which each of the adopted mitigation measures must be imposed to ensure that the measure is carried out.

TBC and the Port will implement the majority of the mitigation measures. TBC will implement most of the measures as a condition of the applicable license, with the Port enforcing the license conditions, either alone or in conjunction with other City agencies. TBC will hire a third party to monitor and provide independent reporting to the Port regarding implementation of the mitigation measures in San Francisco.

Prepared by: Brad Benson, Special Projects Manager
and
Carol Bach, Environmental & Regulatory Affairs Manager, Planning & Development

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 07-22

ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT RELATED TO THE APPROVAL OF LICENSES WITH TRANS BAY CABLE COMPANY FOR THE INSTALLATION, CONSTRUCTION, AND OPERATION OF ELECTRICITY TRANSMISSION FACILITIES IN SAN FRANCISCO BAY AND BENEATH 23RD STREET.

WHEREAS, The Final Environmental Impact Report ("FEIR") for the Proposed Trans Bay Cable Project (City of Pittsburg Case No. SCH 2004082096) was certified on November 6, 2006; and

WHEREAS, the Project analyzed in the FEIR includes installation and operation of an approximately 53-mile high voltage direct current electricity transmission cable in San Francisco Bay, of which 9.4 miles are submerged lands within the Port's jurisdiction and approximately 301 linear feet are land running beneath 23rd Street and also under Port jurisdiction; and construction of a converter station on privately-owned property (the HWC site) on Illinois Streets, between 23rd and 24th Streets; and

WHEREAS, the City of Pittsburg subsequently published an Addendum to the FEIR on December 26, 2006, which determined that changes in the project to incorporate new converter station technology would not result in any new significant environmental effects, change any of the findings of the FEIR, or trigger additional environmental review; and

WHEREAS, the FEIR and Addendum determined that with implementation of the proposed mitigation measures the proposed project would not result in any significant environmental impacts, and

WHEREAS, The Port proposes to enter into license agreements with and issue a Major Encroachment Permit to TBC with respect to the Project; and

WHEREAS, TBC has agreed to develop and implement a Mitigation Measures Monitoring Program, which shall become a material exhibit to the Licenses, and

WHEREAS, Pursuant to the requirements of the California Environmental Quality Act, California Public Resources Code Sections 21000 et seq., (CEQA), the Guidelines for Implementation of CEQA, 15 Cal. Administrative Code Sections 15000 et seq., (CEQA Guidelines) and Chapter 31 of the San Francisco Administrative Code, the Port Commission must review and consider the information contained in the FEIR and Addendum, and adopt findings prior to approving the Trans Bay Cable Licenses for the uses described above; and

WHEREAS, Project Environmental Impact Report files have been made available for review by the Port Commission and the public, and these files are part of the record before the Port Commission; and

WHEREAS, the Port Commission has reviewed and considered the information contained in the FEIR and Addendum; now, therefore, be it

RESOLVED, That the Port Commission hereby adopts CEQA findings, and a Mitigation Monitoring and Reporting Program, as required by Section 21081.6 of the Public Resources Code, and as attached to this Resolution 07-22 as Attachment A ("Findings Affirming Operational License and Major Encroachment Permit for the Trans Bay Cable Project"; Exhibit 1: FEIR Mitigation Measures Required as Conditions of the Trans Bay Cable License; and Exhibit 2: Trans Bay Cable Lease Mitigation Measures Monitoring Program), including findings with respect to the environmental mitigation measures identified in the FEIR, the project alternatives, the analysis of potentially significant environmental effects of the Project, and the conclusion that, with implementation of the proposed mitigation measures, the proposed project would not result in any significant environmental impacts.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 13, 2007.

_____
Secretary

ATTACHMENT A

TRANS BAY CABLE PROJECT

CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS

ATTACHMENT A

TRANS BAY CABLE PROJECT

CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS

SAN FRANCISCO PORT COMMISSION
OF THE CITY AND COUNTY OF SAN FRANCISCO

I. INTRODUCTION

In determining to approve the proposed Trans Bay Cable Project (Project), the San Francisco Port Commission ("Port") for the City and County of San Francisco ("City") makes and adopts the following findings of fact and recommendations regarding mitigation measures and alternatives based on substantial evidence in the whole record of these proceedings for the Project pursuant to the requirements of the California Environmental Quality Act, California Public Resources Code Sections 21000 et seq., (CEQA), the Guidelines for Implementation of CEQA, 15 Cal. Administrative Code Sections 15000 et seq., (CEQA Guidelines) and Chapter 31 of the San Francisco Administrative Code.

These findings are based on the Final Environmental Impact Report ("Final EIR") for the Project, certified by the City of Pittsburg on November 6, 2006 via Resolution No. 06-10661, and on the Environmental Impact Report Addendum for the Trans Bay Cable Project ("Addendum"), published by the City of Pittsburg on December 26, 2006. Pittsburg is the lead agency for the Project; the City is a responsible agency. Accordingly, pursuant to CEQA Guidelines Section 15096, the City is responsible for considering the Final EIR and the environmental effects identified therein and reaching its own conclusions on whether and how to approve the elements of the Project described below that are within the Port's jurisdiction. Pursuant to CEQA Guidelines Section 15096(g), the City is responsible for avoiding only the direct or indirect environmental effects of those parts of the Project that it decides to carry out, finance, or approve. The City is also required to make the findings in CEQA Guidelines Section 15091 (Findings) for each significant effect and those in Section 15093 (Overriding Consideration), if warranted.

These findings are adopted, and incorporated by reference, in Port Commission Resolution No. 07-22 , dated March 13, 2007, making the following approvals: (1) granting a Major Encroachment Permit to install electrical cable under 23rd Street east of Illinois Street ("Major Encroachment Permit"), (2) approving the Port's grant of a non-exclusive license for a four year term to construct and install the Trans Bay Cable project within the Port's jurisdiction, and (3) approving the Port's grant of a non-exclusive, 25 year license with three successive options to renew for ten years and a final option to renew for seven years to use Port Property for an underground/underwater HVDC PLUS transmission cable, including, but not limited to, the right to excavate, construct, repair, reconstruct, replace (facilities of substantially the same initial or small size), remove, maintain and use the facilities for the transmission, transportation and/or

distribution of electric energy ("Operational License"). These three actions are referred to collectively herein as the "Approvals."

Overall, the Project consists of the burial of approximately 53 miles of submarine HVDC PLUS cable bundle under San Francisco Bay, from a Converter Station to be constructed in the City of Pittsburg to a Converter Station to be constructed in the City and County of San Francisco. The Project's purpose is to transmit electrical power from the East Bay, which has excess electricity generation capacity, to San Francisco. The California Independent System Operator (CAISO) approved the Project as the preferred long term transmission alternative to address the identified reliability problems in Northern San Mateo County and San Francisco.

The Final EIR evaluates the potential environmental impacts associated with the entire Project, much of which is outside the jurisdiction of the City and the Port, and located either in the City of Pittsburg or in areas of the San Francisco Bay outside Port and/or City jurisdiction. The Port's line of jurisdiction runs through the San Francisco converter site, and accordingly the City and the Port share jurisdiction over the San Francisco components of the Project. The Addendum evaluates the potential environmental impacts associated with certain technological and design refinements to the Project, including adoption of "HVDC PLUS" technology for the converter stations in place of the previously proposed HVDC technology, and refinement of the HVDC submarine cable design to accommodate the HVDC PLUS technology and design.

The findings contain the following sections:

Article II is the Description of the Record.

Article III contains a description of the entire Project and a description of the San Francisco components of the Project, including the Approvals.

Article IV sets forth findings as to the disposition of each of the mitigation measures pertinent to the San Francisco components of the Project that are proposed in the Final EIR and Addendum. The Addendum does not modify the mitigation measures identified in the Final EIR. These measures fall into the following categories: (1) measures recommended by the Port for implementation and adoption by the Port in connection with either the Operational License or a construction period license separately approved by the Port ("Construction Period License"), and (2) measures recommended by the Port for adoption and implementation jointly by the Port and either the Department of Building Inspection ("DBI) or the Department of Parking and Traffic ("DPT"). Exhibit 1, attached to these Findings, contains the full text of the Final EIR mitigation measures that are pertinent to the San Francisco components of the Project. Exhibit 2 contains the Mitigation Monitoring and Reporting Program.

Article V of this document addresses the Final EIR /Addendum alternatives and the reasons for the Port's rejection of those alternatives in the context of the Approvals.

With implementation of the proposed mitigation measures, the Final EIR concludes that all of the identified potentially significant impacts would be reduced to levels that are less than significant. The Addendum concludes that implementation of HVDC PLUS technology will

further reduce impacts. Implementation of the proposed Project is not expected to result in any unavoidable adverse significant impacts.

II. DESCRIPTION, LOCATION, AND CUSTODIAN OF THE RECORD

The public hearing transcripts, a copy of all letters received during the public review period, the administrative record, and background documentation of the Final EIR and Addendum are located at the Planning Department, 1660 Mission Street, San Francisco. The Planning Department is the custodian of record. The above-referenced documents are also on file with the Port Commission and the Clerk of the Board of Supervisors.

Findings are based on substantial evidence contained in the record before the Port. For ease and clarity of reading, specific citations to information in the record upon which each finding is based may have been omitted. In all instances, however, these findings are based on the information contained in the Final EIR and/or Addendum, as supplemented with information provided by the applicant, consultants, and interested parties, and reasonable inferences drawn from such information, identified below. Much of this information was cited in the Final EIR and/or Addendum; all of this information has been and will continue to be available for public review at the offices of the San Francisco Planning Department, the Port Commission, and the Clerk of the Board.

For purposes of CEQA and these findings, the record before the Port includes, without limitation, the following:

A. All application materials and supporting documents submitted by the Project Sponsor, Trans Bay Cable LLC;

B. The Final EIR, including the Draft EIR, comments received on the Draft EIR, Responses to Comments, text changes to the Final EIR, and all appendices;

C. An Addendum to the Final EIR , dated December 26, 2006;

D. The Mitigation Monitoring and Reporting Program for the Project;

E. All meeting agendas, minutes and reports to the Director of the Department of Public Works, the Planning Department, the Port, or other Boards and Commissions, attachments, references and material kept in the ordinary course of business associated with the public planning process and related to the Project;

F. All relevant staff and public reports and memoranda kept in the ordinary course of business providing substantial evidence to support these findings and the Final EIR, including attachments, appendices and references kept in the ordinary course of business;

G. All public notices, including, but not limited to, notices of preparation and completion issued for the Project, Approvals, and notices of public meetings.

III. DESCRIPTION OF TRANS BAY CABLE PROJECT

This section describes the activity the Port proposes to authorize under the Project, and the relationship of the proposed Port actions to the overall activities analyzed in the Final EIR, which assumes that the Project will employ HVDC technology. However, subsequent to the certification of the Final EIR, an improved, more efficient technology, "HVDC PLUS," became commercially available, and Trans Bay Cable adopted the technology into the Project in part as a means to achieve a smaller overall Converter Station facility. The City of Pittsburg published an Addendum on December 26, 2006, which explains the reasons for concluding that adopting the HVDC PLUS technology and the associated changes in the Project were adequately addressed in the Final EIR. Based on the Final EIR and the Addendum, the Pittsburg Planning Department determined that:

1. No substantial changes have occurred in the Project that would involve new significant environmental effects or a substantial increase in the severity of previously identified significant effects;

2. No substantial changes have occurred with respect to the circumstances under which the Project is to be undertaken that would involve new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and

3. No new information of substantial importance has arisen since certification of the Final EIR that identified new or substantially more severe significant impacts, that identified new mitigation measures or alternatives that would substantially reduce an identified significant effect, or that shows mitigation measures or alternatives previously found infeasible would be feasible and would reduce one or more significant effects.

A detailed description of the proposed Approvals and environmental evaluation documents is presented below.

A. The Approvals

Trans Bay Cable seeks three Approvals from the Port as follows:

(1) Approval of Major Encroachment Permit to allow installation of electrical cable under 23rd Street in two areas east of Illinois Street: (a) from the eastern terminus of 23rd Street to the San Francisco Converter Station site, and (b) from the northern boundary of the Converter Station (approximately 300 feet east of Illinois Street) and onto private property located directly across 23rd Street from the Converter Station;

(2) Approval of a Construction Period License, a non-exclusive license for a four year term to construct and install the Trans Bay Cable project within the Port's jurisdiction; and

(3) Approval of the Operational License, a non-exclusive 25 year license with three successive options to renew for ten years and a final option to renew for seven years, to use the HVDC PLUS transmission line, including but not limited to the right to excavate, construct, repair, reconstruct, replace (facilities of substantially the same initial or smaller size), remove, maintain and use the facilities for the transmission, transportation and/or distribution of electric energy, subject to approval by the Board of Supervisors.

The Approvals would include Final EIR mitigation measures as conditions of approval, to avoid or minimize significant environmental impacts as to aspects of the Project.

B. Project Analyzed in the Final EIR

1. Background of Final EIR and Addendum.

On November 6, 2006, the City Council of the City of Pittsburg certified the Final EIR for the Project. Subsequently, an Addendum to the Final EIR was published by the Pittsburg Planning Department on December 26, 2006. The Addendum describes and analyzes the potential environmental impacts of Project refinements, including adoption of HVDC PLUS technology and design components into the Project design for the converter stations in San Francisco and Pittsburg in lieu of the previously contemplated HVDC technology.

2. Final EIR Project Description.

As described in the Final EIR and the CEQA Findings adopted by the City of Pittsburg, the Project is intended to provide San Francisco with a highly reliable, secure source of electricity to help meet San Francisco's electrical demand projected for 2012 and beyond. The Project would provide a dedicated connection between the East Bay, which has excess electrical generation capacity, and electrical transmission and distribution facilities serving San Francisco and Northern San Mateo County. The proposed HVDC transmission system for the Project is made up of the following primary components:

- Installation of approximately 53 miles of 400-kV HVDC transmission cable bundle (submarine and buried onshore)
- Construction of two new converter stations-- one in San Francisco and one in Pittsburg
- Installation of approximately 0.7 mile of new underground single-circuit 230 kilovolt (kV) alternating current (AC) transmission cable in Pittsburg
- Installation of approximately 0.2 mile of underground double-circuit 115 kV AC transmission cable in San Francisco

The Project is proposed by Trans Bay Cable LLC, an affiliate of Babcock & Brown, in cooperation with the City of Pittsburg and Pittsburg Power Company, a municipal utility. A consortium of Siemens Power Transmission & Distribution, Inc. (Siemens) and Prysmian Cavi e Sistemi Energia S.r.L (Prysmian) would provide the Converter Station and cable technology. Siemens, using Prysmian (or comparable) cable and installation technology, would provide converter technology, engineering, and procurement and construction management.

a. Submarine Cable

As analyzed in the Final EIR, the cable bundle would consist of one 400-kV HVDC transmission cable, one metallic return cable, and one fiber optic communications cable. The HVDC PLUS technology analyzed in the Addendum and now proposed for the Project requires two, 200-kV HVDC transmission lines that will be bundled with a fiber optic cable. The cable route was selected to avoid shipping channels, anchorages, dredge disposal areas, Regional Water Quality Control Board-listed toxic hotspot areas, and other known obstacles. The cable would be buried in a bundled configuration using the Hydroplow burial machine (or equivalent technology) towed by either the C/S Giulio Verne or by the barge. The working principle for the Hydroplow is to gently fluidize the seabed materials by the use of water jets in a narrow path and to a typical target depth of 3 to 6 feet, with the potential for local burial to greater depths if required, without displacing the majority of the material and minimizing the suspension of sediment in surrounding waters. The method effectively places cables at a consistent required depth of embedment in jettable bottom conditions.

b. Project components in San Francisco-- onshore and offshore

The San Francisco portion of the Project has the following components: construction of a Converter Station, installation of offshore, shoreline, and onshore HVDC cable bundle from the boundary of Port jurisdiction in the Bay to the Converter Station, installation of AC cable running from the Converter Station to the PG&E Potrero Substation, and a construction laydown area. The construction laydown area is proposed to be considered by the Port once the precise location and configuration are confirmed.

To avoid aquatic habitat and protect the cable at the shore crossing, the proposed cable bundle would exit the Bay floor in San Francisco through casings placed by horizontal directional drilling (HDD). The casings would commence in a boring pit to be located between 100 and 500 feet inland from the shoreline, and would terminate at an exit point approximately 1400 feet offshore. Burial in the Bay floor would begin at the exit of the casings.

With respect to onshore Project facilities in San Francisco, the Draft EIR proposed the San Francisco Converter Station to be located at the "HWC Site," located on 23rd Street south of the existing Mirant Power Plant and adjacent to San Francisco Bay. As discussed in the Draft EIR, utilization of the HWC Site would have required demolition of two potentially historic buildings. The Final EIR shifts the previously proposed HWC Site layout to the western portion of the overall HWC Site as a mitigating action to completely avoid the need to demolish two historic buildings on the eastern portion of the overall HWC Site. The shifted site is referred to in the Final EIR as the "HWC (Mitigated)" site. The HWC (Mitigated) layout is a subset of the HWC Site and is located between the western boundary of the HWC Site assessed in the Draft EIR and Illinois Street.

The proposed onshore route for the HVDC entry into the San Francisco Converter Station from San Francisco Bay runs west along 23rd Street before entering the Converter Station site. From there, double-circuit 115 kV HVAC interconnecting cable would exit the proposed San Francisco Converter Station from the north side and cross 23rd Street approximately 300 feet

from the easterly line of Illinois Street, and then extend northward along the eastern boundary of the existing PG&E Potrero substation, where it would enter the substation and connect with the electrical grid.

c. Project components in Pittsburg

A Converter Station similar to that proposed in San Francisco will be built in Pittsburg on the so-called Pittsburg West Tenth Street Alternative 1 site, as evaluated in the Draft and Final EIR. A buried cable route similar to San Francisco's will connect the Pittsburg Converter Station and the PG&E Pittsburg Substation.

3. Project as modified in the Addendum to the Final EIR

The new HVDC PLUS technology became commercially available shortly after the Final EIR was certified. The Addendum to the Final EIR evaluates the potential environmental impacts of the following HVDC PLUS-related refinements to the Project:

- Adoption of Siemens Power Transmission & Distribution, Inc. "HVDC PLUS" technology for the converter stations to be constructed in San Francisco and Pittsburg. The Addendum concludes that HVDC PLUS technology has significant advantages compared to the HVDC technology evaluated in the Draft and Final EIRs, including that the HVDC PLUS design allows for reduced mass of structures (i.e., reduced visual impacts), reduced audible noise, and reduced electric and magnetic fields below already low levels, relative to the HVDC conventional design. The Addendum also concludes that the HVDC PLUS design has improved technical performance and is more reliable and compatible with respect to the interconnection with the AC grid (at PG&E's Potrero Substation) because it is less dependent on system voltage and frequency and it can generate or absorb reactive power.

- Refinement of Prysmian's HVDC submarine cable design to accommodate the HVDC PLUS technology and design. The refinement of the submarine HVDC cable design involves the use of two, 200 kV cables and a fiber optic cable bundled system, versus the previously evaluated one 400 kV cable, one 12 kV return/ground cable, and a fiber optic cable bundled system with the conventional HVDC technology. The overall diameter (approximately 10 inches) of the refined submarine cable bundle, the installation method (i.e., cable lay vessels and hydroplow), and operational characteristics are the same as that evaluated for the previous design in the Draft and Final EIRs. No unavoidable adverse significant environmental impacts have been identified for the refined cable design (or the cable design evaluated in the Draft and Final EIRs) related to construction or operation.

4. Final EIR Alternatives. In addition to the Project as described above, the Final EIR analyzes the following alternative sites for the San Francisco Converter Station. It concludes that the potential environmental impacts associated with the offshore submarine HVDC cable for the proposed HWC (Mitigated) and alternative Converter Station sites (listed below) are the same and, with implementation of mitigation measures, all identified potentially significant

impacts associated with the offshore submarine HVDC cable would be reduced to less-than-significant levels. The HWC (Mitigated)/HWC West site is identified in the Final EIR as the only feasible project site because it is the only site over which the Project Sponsor currently has control.

a. The No Project Alternative would involve taking no action to provide additional electrical transmission capacity to San Francisco (i.e., status quo). Under the No Project Alternative, the potential environmental impacts and benefits of the proposed Project would not occur. The No Project Alternative does not meet the Project goals and objectives, or the CAISO's objectives for solving the near-term and long-term electrical supply and reliability issues in San Francisco and the northern Peninsula area. The Final EIR concluded that the No Project Alternative does not constitute a reasonable alternative to the proposed HVDC Project, but that this alternative would have the fewest environmental effects.

b. The San Francisco Mirant Converter Station Alternative (three site layouts). The Final EIR concludes that this alternative, which would construct the San Francisco Converter Station at the Mirant Power Plant site, would result in unavoidable adverse significant impacts associated with the necessary demolition of historic architectural resources. This site is not under the control of Trans Bay Cable.

c. Sheedy Converter Station Alternative: The Final EIR concludes that this alternative would involve a potentially significant impact associated with potential conflicts with possible future improvements to public access to San Francisco Bay, but that this impact might be mitigated to a less than significant level with implementation of a specified mitigation measure. This site is not under the control of Trans Bay Cable.

5. Final EIR Addendum for use of HVDC PLUS technology. The Project was originally proposed to use HVDC cable for the approximately 53 miles of submarine and shoreline cable route. Subsequent to certification of the Final EIR, the Project Sponsor identified an alternative cable technology, "HVDC PLUS," which would reduce the footprint, height, and noise associated with both converter stations. Use of HVDC PLUS technology also requires modification of the buried cable bundle, from the originally proposed 400 kV cable, metallic return cable, and fiber optic cable, to two, 200-kV cables and a fiber optic cable. The Final EIR Addendum analyzes the potential environmental impacts associated with use of the HVDC PLUS technology.

The Final EIR Addendum was published by the Pittsburg Planning Department on December 26, 2006. In summary, the Addendum concludes that the refinements and improvements that have been made to the proposed Project (e.g., use of HVDC PLUS) further reduce the impacts of the Project as presented in the Final EIR and present no new potentially significant impacts. For each environmental topic, there would be either no change in the extent of impacts identified in the Final EIR or the changes to the Project would further reduce the less than significant impacts associated with the Project. The Addendum concludes that: there have been no substantial changes that have occurred with respect to the circumstances under which the Project is to be undertaken that would involve significant environmental effects or a substantial increase in the

severity of previously identified significant effects; no new information of substantial importance has arisen since certification of the Final EIR that identified new or substantially more severe significant impacts, that identified new mitigation measures or alternatives that would substantially reduce an identified significant effect, or that shows mitigation measures or alternatives previously found infeasible would be feasible and would reduce one or more significant effects.

6. Approvals Related to Trans Bay Cable License. The Port action related to the Project is limited to the following Approvals:

- Approving the construction period license;
- Approving the operational license; and
- Approving the Major Encroachment Permit

The Project also requires other approvals and/or permits from various City and County of San Francisco entities and the Port of San Francisco, including:

- Demolition and building permits from the Department of Building Inspection;
- Potential approval by the Port of a license for construction lay down utilizing approximately 5-7 acres of land.

IV. MITIGATION MEASURES

The Findings in this section concern mitigation measures for the San Francisco HWC (Mitigated) Converter Station Site and for the Offshore Cable Route, as set forth in the Final EIR and Addendum. The scope of impacts analyzed in the Final EIR and Addendum reflects the entire Project. As a result, not all of the mitigation measures apply to the Approvals. Only the relevant mitigation measures have been included here; these Findings do not evaluate the mitigation measures identified by the Final EIR and Addendum for the Pittsburg West Tenth Street Alternative.

These Findings include a listing of the applicable mitigation measures, broken down by Project component (e.g., Converter Station or Offshore Cable Route) and topic. All of the mitigation measures in the Final EIR have alpha numeric codes that are used to refer to the measures in these findings.

In the text of the Findings, mitigation measures that are applicable to the Approvals and that are recommended by the Port for adoption and implementation by the Port, DBI and/or DPT are summarized in a few sentences. No mitigation measure applicable to the Approvals is modified or rejected in its entirety. Exhibit 1, incorporated herein by reference, contains the complete text of each mitigation measure as presented in the Final EIR that is recommended by the Port for adoption and implementation. The mitigation measures fall into the following categories:

1) Mitigation measures that can and should be implemented by the Port; and

2) Mitigation measures that can and should be adopted by implemented by other City agencies acting jointly with the Port.

The Port finds that the mitigation measures applicable to the Approvals that are recommended for adoption and implementation, are feasible and enforceable through the Approvals or through the other anticipated approvals identified above. Based on the information contained in the Final EIR and the administrative record, the Port finds that the applicable mitigation measures in the Final EIR will mitigate, reduce, or avoid significant effects and are hereby adopted by the Port, and recommended by the Port for adoption by other City agencies, which agencies can and should adopt these measures, and joint implementation by those agencies and the Port as described in the following sections B.1 (mitigation measures within the joint jurisdiction of the City and County of San Francisco Department of Building Inspection and the Port) and B.2 (measures within the joint jurisdiction of the City and County of San Francisco Department of Parking and Traffic and the Port).

A. Mitigation Measures Adopted by the Port

The following Final EIR mitigation measures are found to mitigate, reduce, or avoid significant environmental effects are hereby adopted by the Port as a condition of the applicable Approvals.

1. Measures applicable to the San Francisco HWC (Mitigated) Site

Water Resources and Quality

Mitigation WATER-2: Spill Prevention and Control Plan for HDD. This measure requires that drilling shall be performed in accordance with a site-specific Spill Prevention and Control (SPCC) Plan for HDD Operations for Drill Fluids and Cuttings, and specifies certain required spill response measures to be included in the plan. The Port has reviewed this mitigation measure and determined that it appears to be feasible. .

Mitigation WATER-3: Use of Pilot Hole and Reaming. This measure specifies that HDD shall be performed using a pilot hole plus reaming technique to minimize the potential for impacts to groundwater, and specifies the early detection and rapid response activities that are required. The Port has reviewed this mitigation measure and determined that it appears to be feasible.

2. Measures applicable to Offshore Cable Route

Air Quality

Mitigation Air-3 and Air-4: Marine Vessel Emission Controls. This measure provides measures to be implemented to control emissions from vessels owned by Prysmian: use of California diesel, Purinox, biodiesel, or other fuel (whichever is feasible and would result in lowest emissions); minimization of diesel engine fuel usage as much as possible; use of shore-side power when docked instead of running engines, where feasible. The Port has reviewed this mitigation measure and determined that it appears to be feasible.

Water Resources And Quality

Mitigation Water-5: Avoidance of Sediment Contamination. This measure requires that the HDD shall be completed as far offshore as is feasible and remote from RMP (Regional Monitoring Program) station CB012S, near Potrero Point in San Francisco, and that hydroplow or equivalent technology activities shall also avoid known contamination in the area of station CB012S. This measure requires that confirmation sediment sampling be performed at the location where the HDD emerges into the Bay and that the results be considered and addressed prior to commencement of construction near this location. The Port has reviewed this mitigation measure and determined that it appears to be feasible.

Mitigation WATER-7: Vessel Fuel Spill Response Plan. This measure requires all vessel operators associated with the Project to update their contingency plans, continue to use emergency response services for pollution incidents, and comply with U.S. Coast Guard and NOAA guidelines as specified. The Port has reviewed this mitigation measure and determined that it appears to be feasible. .

Cultural Resources

Mitigation Cul-3a: Archaeological Resources Geophysical Survey. This measure requires that a geophysical remote-sensing survey shall be conducted along the offshore cable route to detect any potential submerged or sub-bottom archaeological resources, and that the results of the survey will be reviewed, documented, and interpreted by a qualified marine archaeologist. The Port has reviewed this mitigation measure and determined that it appears to be feasible.

Mitigation CUL-3b: Archaeological Resources Avoidance. This measure requires that any potential submerged and/or buried archaeological resources detected through the geophysical survey be avoided unless they can satisfactorily be determined not to represent archaeological resources (e.g., modern debris, existing infrastructure). The Port has reviewed this mitigation measure and determined that it appears to be feasible. .

Mitigation CUL-3c: Archaeological Resources Supplemental Underwater Investigation. This measure requires positive identification of any potential resources if it is infeasible to avoid potential submerged and/or buried archaeological resources, and provides for evaluation of significance if the targets are determined to be archaeological resources. The Port has reviewed this mitigation measure and determined that it appears to be feasible.

Land Use And Recreation

Mitigation LU-4a: Vessel Crew Procedures. This measure provides that marine crews shall watch for navigational hazards to reduce the risk of incidents involving construction vessels and recreational users in the Bay. The Port has reviewed this mitigation measure and determined that it appears to be feasible.

Mitigation LU-4b: Coast Guard Coordination. This measures provides that construction activities shall be coordinated with the US Coast Guard Safety Branch to ensure that no marine recreational events conflicts arise, and that the affected harbor district be made aware of the

timing of water-based project activities such as the cable laying operations. The Port has reviewed this mitigation measure and determined that it appears to be feasible.

Marine Transportation

Mitigation MTRANS-1a: Project Registration, Information And Pilotage. This measure requires that large construction vessels like the CIS Giulio Verne and any support vessels notify the VTS (Vessel Traffic Services) at the beginning and end of each transit, be monitored continuously, and that all ships operating under foreign registry, like the Giulio Verne, are required to have a San Francisco Bar Pilot navigate the ship into the Bay. The Port has reviewed this mitigation measure and determined that it appears to be feasible.

Mitigation MTRANS-lb: Compliance with Navigation Rules. This measure requires that vessels involved in cable laying are required to identify themselves and operate in accordance with the COLREGS (International Regulations for Avoiding Collisions at Sea), that San Francisco Bay navigation rules shall regulate the cable laying operations, and that within the Bay, the operators of all vessels engaged in the project will have the legal responsibility to preclude hazardous situations according to the applicable navigation rules. The Port has reviewed this mitigation measure and determined that it appears to be feasible.

Mitigation MTRANS-lc: Precautionary Area. This measure provides that a safety precautionary area shall be established around construction vessels, that such vessels will be identified via the USCG Notice to Mariners to make vessels operating in the area aware of project activities, and that all cable-laying vessels shall operate in accordance with applicable navigation rules including the Cable Act of 1992. The Port has reviewed this mitigation measure and determined that it appears to be feasible.

Mitigation MTRANS-ld: Publication of Cable Location. This measure provides that Trans Bay Cable shall document the specific as-built location of the submarine cable for its entire length and shall provide GPS coordinates for critical waypoints of the cable alignment as required by the USACE and NOAA for inclusion on San Francisco Bay navigational charts and in the applicable volume(s) of the U.S. Coast Pilot. The Port has reviewed this mitigation measure and determined that it appears to be feasible.

B. Mitigation Measures a(s) Recommended for Adoption by City Departments or by City Departments and the Port for Joint Implementation

1. Measures within the Joint Jurisdiction of the Department of Building Inspection and the Port of San Francisco

The Port finds that the following mitigation measures, as applied in the Final EIR to the San Francisco HWC (Mitigated) Converter Station Site, fall within the joint jurisdiction of DBI and the Port. With respect to the components of the Project that are within the Port's jurisdiction, the Port hereby adopts the following mitigation measures. Where components of the Project are within the City's jurisdiction, each such measure shall be carried out by DBI at the appropriate time. The Port has reviewed the following mitigation measures and determined that they appear

to be feasible and recommends adoption and implementation of these measures by DBI. The Port Commission Secretary is hereby directed to transmit copies of these measures to DBI.

Air Quality and Exhaust Controls

Mitigation AIR-1: Fugitive Dust Controls. This measure requires that Best Achievable Control Measures (BACM) shall be utilized during construction phases of the Project to control fugitive dust. The Port hereby recommends that DBI implement this measure.

Mitigation AIR-2: Exhaust Controls. This measure requires that certain controls pertaining to equipment emissions shall be implemented during construction to reduce emissions from construction equipment exhaust. The Port hereby recommends that DBI implement this measure.

Geologic Resources and Soils

Mitigation GEO-1: Design Project for Erosion Control. This measure requires that Standard Best Management Practices (BMPs) shall be incorporated into the Storm Water Pollution Prevention Plans (SWPPPs) for construction and operation. The Port hereby recommends that DBI implement this measure.

Mitigation GEO-2: Controls for Excavation of Serpentine. This measure requires pre-construction review of previously-prepared geotechnical reports and boring and trenching logs for the site to be reviewed in order to identify areas of serpentinite bedrock that would be disturbed during excavation and Project construction. This measure also requires that an Asbestos Dust Mitigation Plan be submitted to the Bay Area Air Quality Management District (BAAQMD) for approval. The Port hereby recommends that DBI implement this measure.

Mitigation GEO-3: Design to Seismic Design Requirements. This measure requires project facilities to be designed and constructed at a minimum to the seismic design requirements for ground shaking specified in the Uniform Building Code for Seismic Zone 4, and that these facilities shall be designed to withstand ground motions equating to approximately a 500-year return period. The Port hereby recommends that DBI implement this measure.

Mitigation GEO-4: Design Project for Liquefiable Deposits. This measure requires a site-specific program of exploratory borings and accompanying laboratory testing shall be conducted in order to delineate potentially liquefiable materials beneath the construction area, and that geotechnical investigations shall be required for consideration prior to foundation design and development of site-specific design criteria. The Port hereby recommends that DBI implement this measure.

Mitigation GEO-5: Design Project for Shrink-Swell/Subsistence. This measure requires that a site-specific program of exploratory borings and accompanying laboratory testing shall be conducted to delineate any potentially expansive materials underneath the proposed Project facility sites, to evaluate the potential for site subsidence, and to identify and implement

appropriate design measures in accordance with applicable codes. The Port hereby recommends that DBI implement this measure.

Water Resources And Quality

Mitigation WATER-1: Erosion Control and Contaminant Source Control. This measure requires that Trans Bay Cable apply for and comply with the National Pollutant Discharge Elimination System (NPDES) Construction and Industrial Activities General Permits. The Port hereby recommends that DBI implement this measure.

Cultural Resources

Mitigation CUL-la: Archeological Resource Testing. This measure requires that subsurface surveys be conducted of that portion of the cable route that crosses the Mirant Power Plant Site, prior to construction activities. This measure specifies the purpose of the surveys is to determine the presence and extent of buried archaeological resources within the plant area as well as to evaluate the potential significance of any resources encountered. The Port hereby recommends that DBI implement this measure.

Mitigation CUL-1b: Archaeological Resource Data Recovery. This measure requires that if avoidance of an important archaeological resource is not feasible, a data recovery excavation plan may be required based upon the results of the testing program in CUL-1a. This measure specifies the requirements for preparation and review of the data recovery excavation plan. The Port hereby recommends that DBI implement this measure.

Mitigation CUL-lc: Archaeological Resource Construction Monitoring. This measure specifies what construction monitoring will be required if archaeological testing efforts indicate that such monitoring is necessary to prevent significant impacts to important cultural resources. The Port hereby recommends that DBI implement this measure.

Traffic and Transportation

Mitigation TRAFFIC-1: Coordination to Reduce Cumulative Traffic Impacts. This measure requires that truck shipments on the regional roadway shall be scheduled for non-peak periods when delays are less prevalent, as practical. This measure also requires Trans Bay Cable to coordinate with Caltrans to identify appropriate routings and times for site deliveries and comply with Caltrans recommendations. The Port hereby recommends that DBI implement this measure.

Mitigation TRAFFIC-4: Reducing Impact on the Movement of MUNI Light Rail Vehicles into and out of the Metro East Maintenance Facility. This measure provides that selection of the Pier 94/96 site for the construction laydown area is necessary to avoid significant impacts along Cargo Way and to avoid a potential conflict with the movement of MUNI light rail vehicles along 25th Street. The Port hereby recommends that the Port and DBI implement this measure in connection with any approval of the construction laydown site, unless an alternative site is selected that avoids the significant impacts that his measure is intended to address.

Mitigation PS-1: Construction Fire Prevention. This measure requires that a specified Construction Fire Prevention and Protection Program shall be developed and followed throughout all phases of construction. The Port hereby recommends that DBI implement this measure.

Mitigation PS-2: Utility Survey. This measure requires that prior to any excavation work a survey shall be conducted to identify locations of subsurface utilities. The Port hereby recommends that DBI implement this measure. The Port hereby recommends that DBI implement this measure.

Mitigation PS-3: Operations Fire Prevention. This measure requires that an Operations Fire Prevention and Protection Program shall be developed and followed throughout all phases of operation. The Port hereby recommends that DBI implement this measure.

Visual Resources/Aesthetics

Mitigation VIS-1Aa: Plan Submittal Requirements for Building Materials and Colors. This measure specifies that a painting plan shall be formulated according to specified criteria and submitted sufficiently early to ensure that any pre-colored buildings, structures and linear facilities shall have colors approved and included in bid specifications. The Port hereby recommends that DBI implement this measure.

Mitigation VIS-1Ab: Plan Submittal Requirements for Landscaping. This measure requires that a specific landscaping plan shall be prepared showing the location of proposed landscaping, the varieties and sizes of plants to be planted, and the proposed time of maturity for each species. This measure also requires that plants shall be selected from the approved species list prepared by the agencies with jurisdiction. The Port hereby recommends that DBI implement this measure.

Mitigation VIS-2: Plan Submittal Requirements for Lighting. This measure specifies night lighting restrictions. This measure also requires that a specific lighting plan be created, consistent with operational and safety needs for the Project and limiting the general lighting levels to a maximum reasonable level shall be submitted to each agency with jurisdiction for approval. The Port hereby recommends that DBI implement this measure.

Mitigation VIS-3: Landscaping Plan. This measure requires that Trans Bay Cable develop a landscape plan which provides screening and improves views northward from Warm Water Cove Park. This measure requires that the landscaping plans be reviewed and approved by agencies with jurisdiction. The Port hereby recommends that DBI implement this measure.

Hazardous Materials And Waste Management

Mitigation HAZ-1: Complete an ACM Abatement Plan and an LBP Abatement Plan. This measure requires that Trans Bay Cable complete ACM (Asbestos-Containing Materials) and LBP (Lead-Based Paint) investigation and characterization on the HWC (Mitigated) Site and

develop ACM and LBP Abatement Plans in accordance with regulatory requirements to protect construction workers and the public. This measure specifies what measures Trans Bay Cable must take if ACM and LBP are confirmed to be present in concentrations above regulatory limits, and requires that it prepare a site Health and Safety Plan for this work. The Port hereby recommends that DBI implement this measure.

Mitigation HAZ-2: Soil Removal Protocols. This measure requires that previously uncharacterized soils that are stained or odiferous shall be segregated on plastic, sampled, and characterized for onsite use or offsite disposal. This measure requires that Soil and Groundwater Management plans (SMP, GMP) shall detail storage, transportation, and disposal options for soil and groundwater excavated/extracted during the converter station construction, and specify dust monitoring needs for soil excavation and management. The Port hereby recommends that DBI implement this measure.

Mitigation HAZ-3: Reduction of Hazards During Construction Phase. This measure specifies the controls that Trans Bay Cable must implement to mitigate potential impacts from use of hazardous materials during the construction phase, including management plans, secondary containment, separate storage of incompatible materials, and proper training of personnel. The Port hereby recommends that DBI implement this measure.

Mitigation HAZ-4: Management of Construction-phase Waste Streams. This measure provides that a Solid Waste Management Plan for the Project shall be prepared to address onsite management and offsite disposal procedures of solid wastes (including potentially contaminated soil). This measure requires specific storage, reporting, and disposal practices for construction waste. The Port hereby recommends that DBI implement this measure.

Mitigation HAZ-5: **Construction-phase Spill Prevention, Control, and Countermeasures.** This measure provides specific measures shall be implemented to prevent spills and to minimize impacts if spills occur, including but not limited to preparation of a Spill Prevention, Control, and Countermeasure (SPCC) Plan for the converter station shall be prepared in accordance with federal and state regulations; onsite maintenance of Material Safety Data Sheets (MSDSs) for each chemical used during construction; proper training of employees under OSHA; and reporting requirements in case of spills. The Port hereby recommends that DBI implement this measure.

Mitigation HAZ-6: Reduction of Construction Dust and Volatilization of Contaminants. This measure provides specific dust control measures (i.e., keeping the soil wet during excavation) to be implemented during excavation and construction activities, and dust monitoring shall be performed. The Port hereby recommends that DBI implement this measure.

Mitigation HAZ-7: Contaminated Groundwater Control. This measure provides that any groundwater encountered during construction at the converter station site, shall be collected, sampled, and analyzed, and then characterized for disposal based on specified methods. This measure acknowledges that if groundwater is discovered to be contaminated at the HWC (Mitigated) Converter Station, it is possible that the Regional Water Quality Control Board would require groundwater control as part of the development plan for the Project on that site.

This measure also lists potential groundwater-remedial strategies, which are dependent on various specified factors and would be finally selected by RWQCB. The Port hereby recommends that DBI implement this measure.

Mitigation HAZ-8: Control of Operations-phase Hazardous Materials. This measure requires that a Hazardous Materials Business Plan (HMBP) meeting specified criteria shall be developed and implemented prior to turnover of site management from the construction contractor to the operating company. The Port hereby recommends that DBI implement this measure.

Mitigation HAZ-9: Manage Waste Generation, Storage, and Disposal During Operations Phase. This measure provides that Trans Bay Cable will apply to DTSC for a hazardous waste generator number before facility start-up, and that the converter station shall not treat, store, or dispose of hazardous waste in a manner that will cause the facility to be characterized as a treatment, storage and disposal facility (TSDF). This measure also provides that Trans Bay Cable will prepare a detailed waste management plan prior to start-up to ensure proper storage, labeling, packaging, record keeping, manifesting, minimization, and disposal of all hazardous materials and wastes. The Port hereby recommends that DBI implement this measure.

Mitigation HAZ-10: Operations-phase Spill Prevention, Controls, and Countermeasures (SPCC). This measure specifies that an SPCC plan shall be develop that specifies employee training, safety procedures, spill response procedures, and various other spill prevention measures. The Port hereby recommends that DBI implement this measure.

Mitigation HAZ-11: Reduction of Fire and Explosion Risk and Emergency Support During Operations Phase. This measure requires that the converter station shall have specified onsite fire protection systems (including emergency backup systems) and that potential fire protection designs and systems shall be reviewed with local agencies to finalize design details. The Port hereby recommends that DBI implement this measure.

Mitigation HAZ-12: Manage Seismic Activity. This measure provides that the project designers and construction contractor shall follow the Uniform Building Code for Seismic Zone 4. The Port hereby recommends that DBI implement this measure.

<u>Paleontological Resources</u>

Mitigation PALEO-1: Potential Fossil Resources Protection. This measure requires: pre-construction meetings with key construction personnel pertaining to paleontological resource significance, visual identification, and discovery notification procedures; monitoring by a professional paleontologist of proposed construction areas containing geological units with a potentially moderate or high sensitivity rating; actions to be taken if unique paleontological resources are discovered; and standards for salvage operations. The Port hereby recommends that DBI implement this measure.

2. Measures within the Joint Jurisdiction of the Department of Parking and Traffic and the Port

The Port finds that the following mitigation measures, as applied in the Final EIR to the San Francisco HWC (Mitigated) Converter Station Site, fall within the joint jurisdiction of the DPT and the Port. With respect to the components of the Project that are within the Port's jurisdiction the Port hereby adopts these measures. Where components of the Project are within the City's jurisdiction, each such measure shall be carried out by DPT at the appropriate time. The Port has reviewed the following mitigation measures and determined that they appear to be feasible, and recommends adoption and implementation of these measures by the Department of Parking and Traffic. The Port Commission Secretary is hereby directed to transmit copies of these measures to DPT.

Traffic And Transportation

Mitigation TRAFFIC-2: Coordination of Oversized Loads. This measure requires Trans Bay Cable to coordinate with Caltrans and local jurisdictions (e.g., DPT) to obtain proper permitting for oversized loads in advance of construction. The Port hereby recommends that DPT implement this measure.

Mitigation TRAFFIC-3: Signage for Temporary Street Closures. This measure requires that any temporary local street closures be coordinated with DPT, and that appropriate signage be erected if necessary. This measure also requires coordination with DPT include provisions for emergency access and non-interference with activation of San Francisco's Emergency Operations Plan. The Port hereby recommends that DBI implement this measure.

C. Adoption of a Mitigation Monitoring and Reporting Program

The Port hereby adopts a Mitigation Monitoring and Reporting Program (MMRP) as required by Section 21081.6 of the Public Resources Code. The MMRP is attached as Exhibit 2 and incorporated in this document by reference. The purpose of the MMRP is to determine the stage at which each of the adopted mitigation measures must be imposed to ensure that the measure is carried out by the responsible official or entity, or if the obligation lies with a private entity, that the City enforces the obligation.

Trans Bay Cable, DBI, DPT and the Port will implement the majority of the mitigation measures. Trans Bay Cable will implement most of the measures as a condition of the applicable Approval, with the Port, DBI and/or DPT enforcing the license conditions, either alone or in conjunction with other City agencies. Trans Bay Cable will hire a third party to monitor implementation of the mitigation measures in San Francisco.

V. FINDINGS REGARDING ALTERNATIVES IN THE FINAL EIR

As described in Section III above, the Final EIR encompasses a project that is broader than the activities proposed in San Francisco. These Findings focus on the Port's consideration of the environmental impact information in the Final EIR and Addendum, relevant to installation and

operation of the facilities in San Francisco. Pursuant to the CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.), these Findings must consider, and adopt or reject the alternatives analyzed in the Final EIR.

A. Reasons for Selecting the HWC (Mitigated) Site as described in the Final EIR and as Modified in the Addendum

After consideration of all the information in the Final EIR, the Port approves the HWC (Mitigated) site, as described in the Final EIR Project Description and as modified in the Addendum.

The CAISO management and Board of Governors, in their decision of September 8, 2005, determined that the Project is required to ensure reliable operation of the transmission system serving the San Francisco Bay Area. Particularly after incorporating HVDC PLUS technology, construction of the Converter Station at the HWC (Mitigated) Site would help meet San Francisco's need for a stable supply of electrical power. The Approvals would meet the following objectives identified in the Final EIR:

1. **Converter Station Site:** Locate the San Francisco converter station such that: 1) it is in close proximity to the existing, high capacity PG&E Substation; 2) it allows for a substation connection at the northerly end of the San Francisco Peninsula nearest the load center; 3) connecting the converter station site with new transmission wires should create minimum short-term disruption to the areas and no long-term undesirable impacts; 4) it should not require the construction of significant overhead transmission lines on the San Francisco Peninsula; 5) it can be expected to reduce the burden on the existing south-to-north Peninsular transmission system that currently supplies the large majority of San Francisco's electrical energy; and 6) it possesses long-term financeable real estate rights.

2. **Cable Route:** Select cable routes such that: 1) the efficiency and economies of electric power transmission in the area are improved; 2) the routes involve minimal environmental impacts, as practical; 3) installation of new transmission cables is in compliance with the CAISO-approved reliability project that supports the early implementation of the Project for commercial operation no earlier than 2009; 4) access to and control of the land required to install the new cable should be obtainable through long-term financeable real estate rights; and 5) installation and the final location of the cable should result in minimal short-term disruption to the public, ensure public safety, and provide an appreciable measure of long-term security.

3. **Create a More Diverse Transmission System in the Area.** Increase transmission system reliability in the greater San Francisco Peninsula by providing a second independent major transmission route into the northerly end of the San Francisco Peninsula. This provides a long-term reliable access to a load-serving source of energy, provides access to more economically available energy in the East Bay, and decreases the San Francisco Peninsula's vulnerability and dependence over the single existing south-to-north transmission path.

4. **Comply with Planning Criteria.** Ensure that the transmission system serving San Francisco will continue to provide both the capacity and flexibility necessary to meet the

planning standards and criteria established by the CAISO and the North American Electric Reliability Council (NERC). In addition, compliance with the San Francisco Peninsula Long Term Transmission Planning Study Phase II prepared by the San Francisco Stakeholder Study Group will result in an integrated transmission system capable of supplying the City of San Francisco with the energy necessary to meet load demands beyond 2010.

5. **New Generation and/or Transmission Facilities.** The singular and heavily loaded existing south-to-north transmission path serving San Francisco should be supported with the addition of new major transmission capacity. In addition, the installation of new transmission lines and pathways should be complementary to and compatible with allowing the San Francisco Peninsula access to available local generation as well as provide the CAISO the robust operating system necessary to effectively manage the area's transmission and generating systems.

6. **Current Electric Supply and Demand.** Supply northern San Mateo County and San Francisco County with a reliable, efficient, economic, and environmentally compatible source of energy from the East Bay. CAISO transmission studies estimate that the Project would allow the same load to be served with approximately 20 megawatts (MW) less generation because: 1) the Project would create a new, shorter transmission path into the northern San Francisco peninsula; 2) the DC transmission line losses are less than a typical AC transmission line; and 3) congestion would be relieved in the transmission grid.

B. Alternatives Rejected and Reasons for Rejection

1. No Project Alternative

The No Project Alternative is rejected because it would not allow the Project to be constructed in San Francisco. As such, the No Project Alternative would not meet the Project Sponsor's objectives outlined above.

2. Mirant Power Plant Site (all layout options)

One San Francisco Converter Station Site alternative evaluated in the Final EIR is the San Francisco Mirant Converter Station Alternative site ("Mirant Alternative") is located on the Mirant Potrero Power Plant property, directly west of San Francisco Bay, east of Illinois Street, south of 22nd Street, and north of 23rd Street ("Mirant Site"). Three different converter station layouts, all located in the southwest portion of the Mirant Site, were considered. The Mirant Site is located directly adjacent to and north of the proposed San Francisco HWC Converter Station site, and adjacent to the PG&E Potrero Substation. The Project Sponsor has been unable to obtain control of the Mirant Site, and therefore the Mirant Alternative is rejected as infeasible at this time.

3. Sheedy Drayage Site

The Sheedy Drayage site is rejected as infeasible because it is not under the Project Sponsor's control. In addition, the Final EIR identified potential conflicts with possible future improvements to public access to San Francisco Bay associated with the Sheedy alternative.

Moreover, the required electrical interconnection (115 kV AC) between the Sheedy Converter Station site and the PG&E Potrero Substation is problematic due to potential conflicts with existing underground utilities along Illinois Street.

EXHIBIT 1

FINAL EIR/ADDENDUM MITIGATION MEASURES REQUIRED AS CONDITIONS OF THE

TRANS BAY CABLE LICENSES

This document does not include any mitigation measure identified in the Final EIR as applicable only to the Pittsburg West Tenth Street Alternative 1 Converter Station Site

I. San Franciso HWC (Mitigated) Converter Station Site Mitigation Measures

A. AIR QUALITY

Mitigation AIR-1: Fugitive Dust Controls. Best Achievable Control Measures (BACM) shall be utilized during construction phases of the Project. Fugitive dust control measures are stipulated by BAAQMD Regulation 6 (BAAQMD, 1999) and shall include all of the following as applicable to the Project site:

- Water all active construction areas at least twice daily
- Cover all trucks hauling soil, sand, and other loose materials or require all trucks to maintain at least two feet of freeboard
- Pave, apply water three times daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas and staging areas at construction sites
- Sweep daily (with water sweepers) all paved access roads, parking areas, and staging areas at construction sites
- Sweep streets daily (with water sweepers) if visible soil material is carried onto adjacent public streets
- Hydroseed or apply (non-toxic) soil stabilizers to inactive construction areas (previously graded areas inactive for 10 days or more)
- Enclose, cover, water twice daily or apply (non-toxic) soil binders to exposed stockpiles (dirt, sand, etc.)
- No vehicle shall exceed 10 miles per hour speed limit within the construction site
- The construction site entrance shall be posted with visible speed limit signs
- All construction vehicle tires shall be inspected and washed as necessary to be cleaned free of dirt prior to entering public roadways

- Gravel ramps of at least 20 feet in length must be provided at the tire washing/cleaning station

- All unpaved exits from the construction site shall be graveled to prevent track out to public roadways

- All construction vehicles shall enter the construction site through the graveled roadways, unless an alternative route has been submitted to and approved for use by the City

- At least the first 500 feet of any public roadway exiting from the construction site shall be swept at least twice daily (or less during periods of precipitation) on days when construction activity occurs or on any other day when dirt or runoff from the construction site is visible on the public roadways

Mitigation AIR-2: Exhaust Controls. The following controls pertaining to equipment emissions (BAAQMD, 1999) shall be implemented during construction to reduce emissions from construction equipment exhaust:

- Use alternative fueled construction equipment, as practical

- Minimize idling time

- Maintain properly tuned equipment

- Limit the hours of operation of heavy duty equipment and/or the amount of equipment in use

- All diesel-fueled engines used in the construction of the facility shall be fueled only with ultra-low sulfur diesel, which contains no more than 15 ppm sulfur.

- All diesel-fueled engines used in the construction of the facility shall have clearly visible tags showing that the engine meets the conditions set forth herein.

- All construction diesel engines, which have a rating of 100 horsepower (hp) or more, shall meet, at a minimum, the Tier 2 California Emission Standards for Off-road Compression-ignition Engines as specified in California Code of Regulations, Title 13, section 2423(b)(1). In the event a Tier 2 engine is not available for any off-road engine larger than 100 hp, that engine shall be equipped with a Tier 1 engine. In the event a Tier 1 engine is not available for any off-road engine larger than 100 hp, that engine shall be equipped with a catalyzed diesel particulate filter (soot filter), unless certified by engine manufacturers that the use of such devices is not practical for specific engine types. For purposes of this condition, the use of such devices is "not practical" if, among other reasons:

- There is no available soot filter that has been certified by either the California Air Resources Board or U.S. Environmental Protection Agency for the engine in question; or
- The construction equipment is intended to be on-site for ten (10) days or less
- The City may grant relief from this requirement if the construction contractor can demonstrate that they have made a good faith effort to comply with this requirement and that compliance is not possible

- The use of a soot filter may be terminated immediately if one of the following conditions exists, provided that the City is informed within ten (10) working days of the termination:
  - The use of the soot filter is excessively reducing normal availability of the construction equipment due to increased time for maintenance, and/or reduced power output due to an excessive increase in backpressure
  - The soot filter is causing or is reasonably expected to cause significant engine damage
  - The soot filter is causing or is reasonably expected to cause a significant risk to workers or the public
  - Any other seriously detrimental cause which has the approval of the City prior to the termination being implemented
- All heavy earthmoving equipment and heavy duty construction related trucks with engines meeting the requirements of (c) above shall be properly maintained and the engines tuned to the engine manufacturer's specifications.
- All diesel heavy construction equipment shall not remain running idle for more than five minutes, to the extent practical.

B. GEOLOGIC RESOURCES AND SOILS

Mitigation GEO-1: Design Project for Erosion Control. Standard Best Management Practices (BMPs) shall be incorporated into the Storm Water Pollution Prevention Plans (SWPPPs) for construction and operation, and shall minimize onsite soil erosion and offsite sedimentation. Temporary erosion control measures shall be required during the construction period to help maintain water quality, protect property from erosion damage, and prevent accelerated soil erosion or dust generation.

Mitigation GEO-2: Controls for Excavation of Serpentine. Prior to Project construction, previously-prepared geotechnical reports and boring and trenching logs from the site would be reviewed to identify areas of serpentinite bedrock that would be disturbed during excavation and Project construction. An Asbestos Dust Mitigation Plan would be submitted to the Bay Area Air

Quality Management District (BAAQMD) for approval in accordance with its Final Regulation Order Asbestos Airborne Toxic Control Measure for Construction, Grading, Quarrying, and Surface Mining Operations.

Mitigation GEO-3: Design to Seismic Design Requirements. Due to the site's proximity to earthquake faults and the characteristics of the soil profile, a site-specific study shall be conducted to develop seismic design criteria. Project facilities shall be designed and constructed at a minimum to the seismic design requirements for ground shaking specified in the Uniform Building Code for Seismic Zone 4. Additionally, to satisfy the provisions of the 1998 California Building Code, these facilities shall be designed to withstand ground motions equating to approximately a 500-year return period (10 percent probability of exceedance in 50 years). For design purposes, site-specific ground motions shall be calculated for the Project site.

Mitigation GEO-4: Design Project for Liquefiable Deposits. A site-specific program of exploratory borings and accompanying laboratory testing shall be required in order to delineate potentially liquefiable materials beneath the construction area. Geotechnical investigations shall be required for consideration prior to foundation design and development of site-specific design criteria.

Mitigation GEO-5: Design Project for Shrink-Swell/Subsistence. A program of site-specific exploratory borings and accompanying laboratory testing shall be required to delineate any potentially expansive materials underneath the proposed Project facility sites and to evaluate the potential for site subsidence and identify and implement appropriate design measures (e.g. pile supports or replacement of undesirable materials) in accordance with applicable codes.

C. WATER RESOURCES AND QUALITY

Mitigation WATER-1: Erosion Control and Contaminant Source Control. Apply for and comply with National Pollutant Discharge Elimination System (NPDES) construction permit, and Industrial Activities General Permit. Requirements for the permits include submittal of a Notice of Intent, development of a SWPPP, monitoring and inspections, and submittal of annual compliance reports.

Mitigation WATER-2: Spill Prevention and Control Plan for Horizontal Directional Drilling. Drilling shall be performed in accordance with a site-specific Spill Prevention and Control (SPCC) Plan for Horizontal Directional Drilling Operations (HDD) for Drill Fluids and Cuttings. Spill response measures included in this plan, should a spill occur, shall include reducing fluid pressures, thickening the fluid mixture, and/or adding pre-approved loss circulation materials (LCMs) to the mixture.

Mitigation WATER-3: **Use of Pilot Hole and Reaming**. HDD shall be performed using a pilot hole plus reaming technique to minimize the potential for impacts to groundwater. To prevent significant water quality impacts, drilling muds shall consist of naturally occurring materials such as water and bentonite clay, plus inert, non-toxic polymers.

Both the drilling technique and early detection and response shall be used to minimize release of fluids to the environment. HDD shall start with completion of a small-diameter pilot hole. The

pilot hole is gradually enlarged using reaming. This technique acts to prevent sudden loss of large volumes of drilling fluids.

Early detection and rapid response shall be implemented to minimize loss of drilling fluids. In the event loss of drilling fluids is detected, natural LCMs such as cotton dust, cottonseed hulls, wood fiber, mica, and cedar fiber shall be added to the drilling fluid. Alternative actions that shall be considered and implemented, as required, include reduction in drilling pressure, thickening of the fluid mixture, and construction of spill control structures, pits, and silt fences onshore, or silt curtains offshore.

D. CULTURAL RESOURCES

Mitigation CUL-la: Archeological Resource Testing. Due to the potential for buried cultural resources within the Mirant Potrero Power Plant portion of the cable route area, subsurface surveys of the cable route across the plant, utilizing mechanical exploratory borings, will be initiated prior to construction activities. The subsurface survey should be implemented as a means to determine the presence and extent of buried archaeological resources within the plant area as well as to evaluate the potential significance of any resources encountered. Identified remains would be evaluated against the National Register of Historic Places/California Register of Historic Resources (NRHP/CRHR) significance criteria. If the resources are not eligible for the NRHP/CRHR, then no further consideration of these resources would be required. If the resources are eligible for the NRHP/CRHR, additional mitigation measures may be required.

The testing program would be documented within a technical report. The report would include the aforementioned resource evaluations, if any, and provide recommendations for the further management of cultural resources. Such recommendations could include data recovery excavations as well as the monitoring of all ground-disturbing activities associated with the project.

Mitigation CUL-1b: Archaeological Resource Data Recovery. Based upon the results of the testing program, it may be necessary that a data recovery excavation be implemented. CEQA requires that if avoidance of the important archaeological resource is not feasible, a data recovery excavation may be warranted. When data recovery through excavation is the only feasible mitigation, a data recovery plan, which makes provisions for adequately recovering the scientifically consequential information from and about the resource, shall be prepared and adopted prior to any excavation being undertaken. The development of this plan, as well as the implementation of field work, would be conducted in consultation with the SHPO, and, if the site is of aboriginal association, with the NAHC and local Native American community as well.

Mitigation CUL-lc: Archaeological Resource Construction Monitoring. Following completion of the archaeological testing efforts, it may be determined that construction monitoring is necessary to prevent significant impacts to important cultural resources. In the event monitoring is warranted, a qualified professional archaeologist shall be retained to observe all ground-disturbing activities associated with the Project. If archaeological materials are observed by the monitoring archaeologist, he/she would have the authority to halt all ground-disturbing activities within the vicinity of the exposed materials until the nature and significance of the find could be evaluated and mitigation measures implemented, if needed. The

development of mitigation measures would be conducted in consultation with SHPO and, if the site is of aboriginal association, with the NAHC and local Native American community as well.

E. TRAFFIC AND TRANSPORTATION

Mitigation TRAFFIC-1: Coordination to Reduce Cumulative Traffic Impacts. Truck shipments on the regional roadway shall be scheduled for non-peak periods when delays are less prevalent, as practical. The construction contractor shall coordinate with Caltrans to identify appropriate routings and times for site deliveries and comply with Caltrans recommendations. This mitigation measure would successfully mitigate the Project's contribution to cumulative impacts occurring on the regional roadway system.

Mitigation TRAFFIC-2: Coordination of Oversized Loads. Coordination with Caltrans and local jurisdictions (i.e. the Metropolitan Transportation Agency) shall be conducted to ensure proper permitting for oversized loads, which shall be required in advance of construction.

Mitigation TRAFFIC-3: Signage for Temporary Street Closures. Any needed temporary closure of local streets in San Francisco will be mitigated by coordinating street closures with the San Francisco Department of Parking and Traffic (DPT) and, if appropriate, erecting signage that reroutes traffic onto neighboring streets. The coordination would account for providing continued access for emergency vehicles in the study area and ensure that the City of San Francisco's Emergency Operations Plan could be activated without impediment. With these mitigation measures, temporary construction impacts on traffic circulation would be mitigated to a less-than-significant level.

Mitigation TRAFFIC-4: Reducing Impact on the Movement of MUNI Light Rail Vehicles into and out of the Metro East Maintenance Facility. The Project laydown area located at Pier 94/96 is the preferred laydown area. Construction-related Impacts, truck deliveries to the Pier 94/96 laydown area would not produce significant impacts along Cargo Way and would avoid a potential conflict with the movement of MUNI light rail vehicles along 25th Street.

F. PUBLIC SERVICES AND UTILITIES

Mitigation PS-1: Construction Fire Prevention. A Construction Fire Prevention and Protection Program shall be developed for the Project to be followed throughout all phases of construction. The program will specifically address:

- General requirements
- Responsibilities
- Housekeeping
- Employee alarm/communication system
- Portable fire extinguishers
- Fixed fire-fighting equipment
- Fire control
- Flammable and combustible liquid storage
- Use and handling of flammable and combustible liquids
- Dispensing and disposal of flammable and combustible liquids

- Servicing and refueling area
- Training

Mitigation PS-2: Utility Survey. Prior to any excavation work a survey shall be conducted to identify locations of subsurface utilities.

Mitigation PS-3: Operations Fire Prevention. An Operations Fire Prevention and Protection Program shall be developed for the Project to be followed throughout all phases of operation. The program will specifically address:

- Names and/or job titles responsible for maintaining equipment and accumulation of flammable or combustible material
- Procedures in the event of fire
- Fire alarm and protection equipment
- System and equipment maintenance
- Monthly inspections
- Annual inspections
- Fire-fighting demonstrations and training
- Housekeeping practices
- Training

G. VISUAL RESOURCES/AESTHETICS

Mitigation: VIS-1Aa: Plan Submittal Requirements for Building Materials and Colors. All major Project features, including buildings, structures, fencing, and sign backgrounds (excluding electric switch gear and related wires and cables, etc., which shall be galvanized gray as shown in the simulations) shall be painted with neutral tan or gray colors that will minimize the size and height of the facility, blend with adjacent structures and be compatible with natural landscapes where applicable. A specific painting plan shall be developed for approval by the agency with local jurisdiction to ensure that the proposed colors do not unduly contrast with the surrounding landscape colors. All treatments shall be in non-reflective colors. The painting plan shall be submitted sufficiently early to ensure that any pre-colored buildings, structures and linear facilities shall have colors approved and included in bid specifications for such buildings or structures.

Mitigation VIS-1Ab: Plan Submittal Requirements for Landscaping. A specific landscaping plan shall be prepared showing the location of proposed landscaping, the varieties

and sizes of plants to be planted, and the proposed time of maturity for each species. Plants shall be selected from the approved species list prepared by the agencies with jurisdiction.

Mitigation VIS-2: Plan Submittal Requirements for Lighting. Except as required by security and worker-safety requirements, night lighting shall be hooded to direct illumination downward and inward toward the areas to be illuminated in order to minimize nighttime light and glare, backscatter to the nighttime sky, and visibility of lighting to public viewing areas. A specific lighting plan consistent with operational and safety needs and limiting the general fighting levels to a maximum reasonable level shall be submitted to each agency with jurisdiction for approval. The plan shall include provisions for timed and/or motion detection-controlled switches.

Mitigation VIS-3: Landscaping Plan. The view of the proposed HWC (Mitigated) Converter Station from Warm Water Cove Park shall be improved by addition of landscaping screening. In order to improve views northward from Warm Water Cove Park, the applicant shall develop a landscape plan which provides screening foliage where consistent with facility location and safety. The landscaping plans shall be reviewed and approved by agencies with jurisdiction.

H. HAZARDOUS MATERIALS AND WASTE MANAGEMENT

Mitigation HAZ-1: Complete an Asbestos Containing Materials (ACM) Abatement Plan and an Lead Based Paint (LBP) Abatement Plan. Complete ACM and LBP investigation and characterization on the HWC West site to fill data gaps and to support development of worker safety procedures, in accordance with regulatory requirements to protect construction workers and the public. The ACM and LBP Abatement Plans shall be completed in compliance with application regulations based on the historical and newly acquired ACM and LBP data. If ACM and LBP are confirmed to be present in concentrations above regulatory limits, the Project proponent shall use ACM- and LBP-certified removal contractors and trained asbestos and lead-based paint removal workers conduct dust monitoring, and properly dispose of generated wastes offsite. The Project proponent shall also prepare a site Health and Safety Plan for this work.

Mitigation HAZ-2: Soil Removal Protocols. Previously uncharacterized soils that are stained or odiferous shall be segregated on plastic, sampled, and characterized for onsite use or offsite disposal. The Soil and Groundwater Management plans (SMP, GMP) shall detail storage, transportation, and disposal options for soil and groundwater excavated/extracted during the converter station construction. They would also specify dust monitoring needs for soil excavation and management.

Previously characterized hazardous soils shall be loaded onto trucks for offsite disposal. Hazardous soil disposal requires that hazardous waste manifests accompany the waste. Hazardous waste transporters shall be required to haul hazardous soils to a Class I hazardous waste landfill. The personnel handling the hazardous soils are required to have met the OSHA hazardous work operations training requirements. A Health and Safety Plan shall be prepared for this work.

Previously characterized non-hazardous soils shall be stockpiled for onsite or offsite reuse or offsite disposal, as needed.

Mitigation HAZ-3: Reduction of Hazards During Construction Phase. The hazards presented by the use of hazardous materials during the construction phase are well understood, and the appropriate management controls to mitigate potential impacts shall be implemented. These controls include: 1) developing required management plans, e.g., a Spill Prevention, Control, and Countermeasure Plan (see HAZ-5 for more SPCC Plan details); 2) secondary containment; 3) separate storage of incompatible materials; and 4) proper training of personnel.

Additionally, construction personnel shall be trained in safety and defensive emergency response procedures. Construction personnel shall also receive hazardous-waste-related training that focuses on recognition of potentially contaminated soil and/or groundwater that may be encountered during subsurface excavations for foundations or pipeline/cable trenches. If such contaminated soil or groundwater is suspected, contingency procedures shall be followed to protect worker safety and public health. All vehicles and construction equipment shall be inspected to ensure that no fluids are leaking (e.g., oil, hydraulic fluid, lubricants, or brake fluid) and that all fuels and fluids are stored in proper, clearly labeled containers.

Hazardous materials that must be disposed of will be disposed of as hazardous waste in accordance with the appropriate regulations for storage, transportation, and disposal of hazardous waste.

Mitigation HAZ-4: Management of Construction-phase Waste Streams. The onsite management and offsite disposal procedures of solid wastes (including potentially contaminated soil) shall be in a Solid Waste Management Plan for the Project. Waste shall be stockpiled temporarily before disposal offsite. The Fire Department and emergency management team shall be provided a list of the waste material expected to be generated and stored onsite.

Hazardous wastes generated during construction shall be collected in hazardous waste accumulation containers near the point of generation and moved daily to the construction contractor's 90-day hazardous waste storage area at the converter station site. The accumulated waste shall be delivered to an authorized waste management facility.

The exact volume of hazardous wastes to be generated at the HWC (Mitigated) Converter Station site cannot be estimated at this time, but the estimated amount of excavated soil that would need to be disposed of offsite is estimated at approximately 15,000 cubic yards for this converter station site. Even if this entire amount of excavated soil would need to be disposed of as hazardous waste, it would not exceed a significant portion of the available hazardous waste landfill capacity in California. The capacity and estimates for daily volumes of waste received were verified, as detailed in the personal communications provided in the references for the EIR.

Mitigation HAZ-5: Construction-phase Spill Prevention, Control, and Countermeasures. The following shall be implemented both to prevent spills from occurring and to minimize impacts in the event that they do occur:

- All spills shall be cleaned up quickly and all workers shall be adequately trained to recognize the hazards associated with such spills.

- A Spill Prevention, Control, and Countermeasure (SPCC) Plan for the converter station shall be prepared in accordance with federal and state regulations. This plan must be prepared if petroleum products are stored onsite in ASTs with a capacity that equals or exceeds 55 gallons for a single tank or equals or exceeds 1,320 gallons aggregate for more than one tank. The SPCC Plan must be prepared before the delivery of petroleum products to the site. The SPCC Plan shall include information on spill response procedures and fuel storage.

- Material Safety Data Sheets (MSDSs) for each chemical used during construction shall be kept onsite. Construction employees shall be informed of the location and content of the MSDSs, as required by OSHA's Hazard Communication Standard, Title 29 of the Code of Federal Regulations (CFR) Section 1910.1200.

- In case of an accident, the City and County of San Francisco Fire Department shall be notified as the first responder. All other federal, state, and local notification requirements shall be followed for any release that exceeds the reportable quantity or threatens to have a significant impact.

- The Project shall comply with all transportation requirements for hazardous materials on state highways. These requirements apply to both hazardous materials coming onto the site and hazardous wastes leaving the site.

    All vehicles and construction equipment shall be inspected to ensure that there are no leaking fluids (e.g., oil, hydraulic, lubricants, or brake fluid) and that all fuels and fluids are stored in proper, labeled containers. Any observation of spills, leaking fluids, or improperly stored fluids shall trigger the issuance of a "stop work" notice until the problem is resolved, including the removal of any soil contaminated by vehicle fluids. The Project shall comply with all transportation requirements for hazardous materials on state highways. These requirements apply to both hazardous materials coming onto the site and hazardous wastes leaving the site.

Mitigation HAZ-6: Reduction of Construction Dust and Volatilization of Contaminants. Dust control measures (i.e., keeping the soil wet during excavation) shall be implemented during excavation and construction activities, and dust monitoring shall be performed. Suspected contaminated soil that is stockpiled on the site shall be covered daily with plastic to prevent volatilization of contaminants and to control dust. Contaminated soil may also be loaded directly onto trucks for transport to an appropriate offsite disposal facility. The loaded soils shall be properly covered and manifested as necessary. Dust monitoring shall be performed during excavation and loading of hazardous soils. The accumulated waste will then be delivered to an authorized waste management facility. Dust monitoring shall confirm that the dust control measures are effectively protecting site workers and the public.

Mitigation HAZ-7: Contaminated Groundwater Control. If groundwater was encountered during construction at the converter station site, the water shall be collected onsite in a tank or tanks, sampled, and analyzed. Based on the analytical data, the water shall be characterized for disposal by one of the following methods:

- Used onsite for dust control.

- Treated onsite and discharged under the authority of a general National Pollutant Discharge Elimination System (NPDES) permit. Treatment options would include, but are not limited to, filtration or filtration and treatment by granular-activated carbon [GAG]. Treatment residuals would be sampled, analyzed, characterized, and disposed of offsite in compliance with applicable regulations.

- Disposed of offsite at a commercial water treatment facility in compliance with applicable regulations.

If groundwater was encountered at the HWC (Mitigated) Converter Station site and it was found to be contaminated, it is possible that the RWQCB would require groundwater control as part of the development plan for the Project on that site. Potential groundwater-remedial strategies would depend on a number of factors including: site contaminants, evaluation of impacts to human health and the environment, and evaluation of the technical merits of available remedial strategies. The final selection would be made by the RWQCB. Potential groundwater control methodologies include installing a slurry wall around a portion or the entire contaminated site combined with groundwater pump and treatment and discharge of treated groundwater to a storm drain/sewer system under the authority of an NPDES permit. Other alternative technologies include in situ biological treatment and in situ oxidation or reduction, depending on the site-specific contaminants and hydrogeological conditions.

Mitigation HAZ-8: Control of Operations-phase Hazardous Materials. A Hazardous Materials Business Plan (HMBP) shall be developed and implemented prior to turnover of site management from the construction contractor to the operating company. All hazardous materials shall be handled and stored in accordance with applicable codes and regulations. Storage quantities of all hazardous materials shall be minimized, and non-hazardous materials; shall be substituted for hazardous materials at the converter station to the extent practicable. Small-quantity chemicals used for maintenance tasks shall be kept in appropriate inflammable material or corrosive material storage lockers. Bulk chemicals shall be stored in ASTs, and all other chemicals shall be stored in their original shipping containers. Incompatible materials shall be stored in separate storage containment areas. Chemical storage areas and transfer areas shall be equipped with secondary containment sufficient in size to contain the volume of the largest container or tank, including an allowance for rainwater. Areas susceptible to potential leaks and/or spills shall be paved and bermed or otherwise secondarily contained. Specifically, the transformers and the diesel ASTs would have secondary containment. Periodic inspections shall be conducted to ensure that all containers are secure and properly marked. Piping and tanks will be protected from potential traffic hazards by concrete or other barriers. Hazardous materials will be delivered to the converter station periodically. Transportation of these materials shall comply with all applicable regulations of the U.S. Department of Transportation, the EPA, DTSC, the California Highway Patrol, and the State Fire Marshal. An HMBP shall be prepared prior to delivery of specified hazardous materials to the converter station in conformance with Title 19 of the California Code of Regulations (CCR) and California Health and Safety Code Section 25504. The HMBP requires facilities to develop the following information:

- Facility map showing locations of hazardous materials and emergency response equipment
- Hazardous materials inventory, including MSDSs for all hazardous materials stored and used onsite
- Emergency contact information
- Emergency response plans and procedures
- Emergency notification procedures
- Emergency response training for all employees

Mitigation HAZ-9: Manage Waste Generation, Storage, and Disposal During Operations Phase. Before facility start-up, an application shall be made to DTSC for a hazardous waste generator number. The facility shall not treat, store, or dispose of hazardous waste in a manner that will cause the facility to be characterized as a treatment, storage and disposal facility (TSDF). A detailed waste management plan shall be prepared prior to start-up to ensure proper storage, labeling, packaging, record keeping, manifesting, minimization, and disposal of all hazardous materials and wastes. The waste management plan will include:

- A description of each hazardous waste stream
- Handling, transport, treatment, and disposal procedures for each waste
- Preparedness, prevention, contingency, and emergency procedures
- Personnel training

Scrap materials such as paper, packing materials, glass, metal, and plastic shall be segregated and managed for recycling. Non-recyclable inert wastes shall be stored in covered trash bins in accordance with local ordinances and picked up by an authorized local trash hauler on a regular basis for transport and disposal in suitable landfill. Skimmed oil collected from equipment drains and other liquids from equipment shall be transported by an authorized carrier to a certified recycling facility.

Mitigation HAZ-10: Operations-phase Spill Prevention, Controls, and Countermeasures. The following shall be implemented during operations:

- All workers shall be adequately trained to recognize the hazards associated with accidental spills. Training shall include ensuring that personnel who maintain the facility are adequately trained to recognize the hazards associated with such spills. Personnel who maintain the facility will be trained in the use of fire suppression equipment, evacuation, notification, and other defensive emergency response procedures. Maintenance personnel will also be trained in hazardous materials and hazardous waste awareness, handling, and management, as required for their level of responsibility.

- The proper use of safety procedures and development and implementation of a project-specific SPCC Plan will help prevent such incidents. The SPCC Plan will include information on spill response procedures and fuel storage.

- An MSDS will be kept onsite for each onsite chemical.

- The programs to be implemented to protect worker health and safety shall also benefit public safety. Facility design shall include redundant controls and monitoring systems to minimize the potential for conditions ' in which accidental spills could occur. Potential public health impacts associated with facilities operation will be mitigated by development and implementation of Emergency Response Plans, an SPCC Plan, secondary containment structures for oils and other hazardous materials, safety programs, and employee training.

Mitigation HAZ-11: Reduction of Fire and Explosion Risk and Emergency Support During Operations Phase. The flashpoints of transformer oil and diesel fuel are 295°F and 100°F, respectively, and the auto ignition points are 484°F and 494°F, respectively (Sax, 1992; MSDS for transformer oil; MSDS for diesel fuel). The National Fire Prevention Association (NFPA) assigns lubricating oils a fire hazard rating of 1, meaning that the materials "must be preheated before ignition can occur. Materials of these types require considerable preheating, under all ambient temperature conditions, before ignition and combustion can occur" (Siemens, 2006).

The converter station shall have onsite fire protection systems (including emergency backup systems). During the detailed design phase of the proposed Project, potential fire protection designs and systems shall be reviewed with local agencies to finalize design details.

In general, the fire protection system shall consist of automatic detection and firefighting equipment. The fire detection control panel will be located in the control room and will be connected to the control and protection system for remote annunciation. The fire alarm will be initiated automatically by smoke, heat, or flame detectors, or manually by push-button. A combination of detectors will be used, including infrared and ultraviolet detectors, ionization and optical smoke detectors, and rate-of-rise temperature-sensitive detectors, depending on the equipment and/or space being monitored.

Audible alarms and flashing lights will be activated in the event of a fire. The equipment or area where the alarm is triggered will be indicated on the control panel. The firefighting equipment would initiate automatically, using water sprays and curtains or an appropriate gas-extinguishing agent.

Fire detection and automatic firefighting equipment will be connected to a power supply within the fire-detection control panel, which will be connected to the mains via a power supply/battery charger unit with an internal 24-volt battery, A pump house shall be included within the facility with 2 diesel fire-water pumps, each 225 kW. The fire-water pump and backup emergency lighting will be electrically powered by a diesel-powered generator capable of operating at full standby without refueling for 96 hours, as required in a seismically active area.

Mitigation HAZ-12: Manage Seismic Activity. To minimize seismic damage to the facility and the resulting hazardous materials spills, the designers and construction contractor shall follow the Uniform Building Code for Seismic Zone 4. This action would reduce Impact HAZ-12 to a less-than-significant level.

I. PALEONTOLOGICAL RESOURCES

Mitigation PALEO-1: Potential Fossil Resources Protection. The following measures shall be implemented:

- Pre-construction meetings shall be held with key construction personnel to provide brief discussions pertaining to paleontological resource significance, visual identification, and discovery notification procedures.

- Proposed construction areas containing geological units designated with a potentially moderate or high sensitivity rating shall be monitored by a professional paleontologist during construction, to insure that subsurface paleontological resources are adequately protected.

- If unique paleontological resources are discovered, all significant fossil material shall be collected, prepared, identified, and curated, and then placed into a state-designated scientific repository.

- Salvage operations shall be conducted in accordance with professional paleontological (e.g., SVP) standards.

II. OFFSHORE CABLE ROUTE MITIGATION MEASURES

A. AIR QUALITY

Mitigation AIR-3: Marine Vessel Emission Controls. The following shall be implemented to control emissions from vessels owned by Prysmian:

- Use California diesel, Purinox, biodiesel, or other fuel (whichever is feasible and would result in lowest emissions).

- Minimize diesel engine fuel usage as much as possible.

- Use shore-side power when docked instead of running engines, where feasible.

Mitigation AIR-4: Marine Vessel Emission Controls. The following shall be implemented to control emissions from vessels owned by Prysmian:

- Use California diesel, Purinox, biodiesel, or other fuel (whichever is feasible and would result in lowest emissions)

- Minimize diesel engine fuel usage as much as possible

- Use shore-side power when docked instead of running engines, where feasible

B. WATER RESOURCES AND QUALITY

Mitigation WATER-5: Avoidance of Sediment Contamination. To avoid potential known nearshore and offshore sediment contamination, the HDD shall be completed as far offshore as is feasible and remote from RMP station CB012S near Potrero Point in San Francisco. Hydroplow or equivalent technology activities $hall also avoid known contamination in the area of station CB012S. Confirmation sediment sampling shall be performed at the location where the HDD emerges into the Bay and the results would be considered and addressed prior to commencement of construction near this location.

Mitigation WATER-7: Vessel Fuel Spill Response Plan. All vessel operators associated with the proposed project shall update their contingency plans and continue to use emergency response services for pollution incidents. Review of updates and modifications to plans shall be done under the United States Coast Guard's (USCG's) regular oversight of oil spill contingency plans. The work of updating and expanding the spill response plans shall be based on National Oceanic and Atmospheric Agency's (NOAA's) Environmental Sensitivity Index (ESI), which involves the systematic compilation in a standardized format of information related to coastal shoreline sensitivity, biological resources, and human uses.

C. CULTURAL RESOURCES

Mitigation CUL-3a: Archaeological Resources Geophysical Survey. A geophysical remote-sensing survey shall be conducted along the offshore cable route to detect any potential submerged or sub-bottom archaeological resources. Depending on the geographic or bathymetric setting, an appropriate remote-sensing field survey could include deployment of a side scan sonar, sub-bottom profiler, and magnetometer to help detect these resources. The results of the geophysical survey will be reviewed by a qualified marine archaeologist and a report documenting these efforts and interpreting the results shall be produced.

Mitigation CUL-3b: Archaeological Resources Avoidance. Potential submerged and/or buried archaeological resources detected through the geophysical survey shall be avoided unless they can satisfactorily be determined to not 'represent archaeological resources (e.g., modern debris, existing infrastructure) as documented in the technical report.

Mitigation CUL-3c: Archaeological Resources Supplemental Underwater Investigation. If it is infeasible to avoid potential submerged and/or buried archaeological resources, follow-up diver survey or Remote Operated Vehicle investigations might be required to positively identify the targets. If targets are determined to be archaeological resources, they should be evaluated against the NRHP/CRHR significance criteria. If the resources are not eligible for the NRHP/CRHR, then no further consideration of these resources is required. If the resources are eligible for the NRHP/CRHR, Data Recovery (Mitigation Measure CUL-1b) may be required.

D. LAND USE AND RECREATION

Mitigation LU-4a: Vessel Crew Procedures. Marine crews shall watch for navigational hazards (i.e., during periods of high use by recreational boaters including windsurfers within the

vicinity of selected terminal locations; during periods of high recreational use, such as weekends or race events; or when weather hazards exist) to reduce the risk of incidents involving construction vessels and recreational users in the Bay.

Mitigation LU-4b: Coast Guard Coordination. Construction crew management shall coordinate construction activities with the USCG Safety Branch to ensure that no marine recreational events conflicts arise. The project coordinator would include information to the USCG which would issue a Local Notice to Mariners. In addition, each affected harbor district will be made aware of the timing of water-based project activities such as the cable laying operations. Applicable navigation rules will be enforced including the Cable Act of 1992 (47 CFR §76) which states that other vessels must maintain a 1.15 mile (1-nm) separation from a vessel laying or repairing an undersea cable.

E. MARINE TRANSPORTATION

Mitigation MTRANS-la: Project Registration, Information and Pilotage. Large construction vessels like the CIS Giulio Verne and any support vessels shall be required to notify the VTS at the beginning and end of each transit, and would be monitored continuously. The USCG would also notify operators of vessels in the area of the construction activities via Notices to Mariners. To ensure safe entrance into the Bay, all ships operating under foreign registry, like the Giulio Verne, are required to have a San Francisco Bar Pilot navigate the ship into the Bay.

Mitigation MTRANS-lb: Compliance with Navigation Rules. The vessels involved in cable laying shall be required to identify themselves and operate in accordance with the COLREGS. The applicable navigation rules for San Francisco Bay shall regulate the cable laying operations and are designed to prevent collisions. Within the Bay, the operators of all vessels engaged in the project shall have the legal responsibility to preclude hazardous situations, according to the applicable navigation rules

Mitigation MTRANS-lc: Precautionary Area. A safety precautionary area shall be established around the construction vessels, and will be identified via the USCG Notice to Mariners to make vessels operating in the area aware of project activities. All cable-laying vessels shall also operate in accordance with the applicable navigation rules including the Cable Act of 1992.

Mitigation MTRANS-ld: Publication of Cable Location. The planned location of the cable has been reviewed with the US Army Corps of Engineers, at local bottom depths as indicated by soundings on current navigation charts. The project proponent/construction contractor shall document the specific as-built location of the submarine cable for its entire length and shall provide GPS coordinates for critical waypoints of the cable alignment as required by the United States Army Corps of Engineers and NOAA for inclusion on San Francisco Bay navigational charts and in the applicable volume(s) of the U.S. Coast Pilot. All cable-laying vessels shall also operate in accordance with the applicable navigation rules including the Cable Act of 1992.

EXHIBIT 2
TRANS BAY CABLE PROJECT—PORT APPROVALS
MITIGATION MEASURE MONITORING PROGRAM[1]

Exhibit to Attachment A, adopted by San Francisco Port Commission Resolution No. 07-22, March 13, 2007

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
San Francisco HWC (Mitigated) Converter Station Site					
AIR-1: Fugitive Dust Controls. Best achievable control measures (BACM) shall be utilized during construction phases of the Project. Fugitive dust control measures are stipulated by BAAQMD Regulation 6 (BAAQMD, 1999) and shall include all of the following as applicable to the Project site: • Water all active construction areas at least twice daily • Cover all trucks hauling soil, sand, and other loose materials or require all trucks to maintain at least two feet of freeboard • Pave, apply water three times daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas and staging areas at construction sites • Sweep daily (with water sweepers) all paved access roads, parking areas, and staging areas at construction sites • Sweep streets daily (with water sweepers) if visible soil material is carried onto adjacent public streets • Hydroseed or apply (non-toxic) soil stabilizers to inactive construction areas (previously graded areas inactive for 10 days or more) • Enclose, cover, water twice daily or apply (non-	Project Sponsor/ Construction Contractor	Monitor and enforce implementation of and compliance with fugitive dust control measures through building permit process	During construction	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
toxic) soil binders to exposed stockpiles (dirt, sand, etc.) ▪ No vehicle shall exceed 10 miles per hour speed limit within the construction site ▪ The construction site entrance shall be posted with visible speed limit signs ▪ All construction vehicle tires shall be inspected and washed as necessary to be cleaned free of dirt prior to entering public roadways • Gravel ramps of at least 20 feet in length must be provided at the tire washing/cleaning station • All unpaved exits from the construction site shall be graveled to prevent track out to public roadways • All construction vehicles shall enter the construction site through the graveled roadways, unless an alternative route has been submitted to and approved for use by the City • At least the first 500 feet of any public roadway exiting from the construction site shall be swept at least twice daily (or less during periods of precipitation) on days when construction activity occurs or on any other day when dirt or runoff from the construction site is visible on the public roadways					
AIR-2: Exhaust Controls. The following controls pertaining to equipment emissions (BAAQMD, 1999) shall be implemented during construction to reduce emissions from construction equipment exhaust: • Use alternative fueled construction equipment, as practical • Minimize idling time • Maintain properly tuned equipment • Limit the hours of operation of heavy duty	Project Sponsor/ Construction Contractor	Monitor and enforce implementation of and compliance with exhaust controls through building permit process	During construction	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
equipment and/or the amount of equipment in use • All diesel-fueled engines used in the construction of the facility shall be fueled only with ultra-low sulfur diesel, which contains no more than 15 ppm sulfur. • All diesel-fueled engines used in the construction of the facility shall have clearly visible tags showing that the engine meets the conditions set forth herein. • All construction diesel engines, which have a rating of 100 horsepower (hp) or more, shall meet, at a minimum, the Tier 2 California Emission Standards for Off-road Compression-ignition Engines as specified in California Code of Regulations, Title 13, section 2423(b)(1). In the event a Tier 2 engine is not available for any off-road engine larger than 100 hp, that engine shall be equipped with a Tier 1 engine. In the event a Tier 1 engine is not available for any off-road engine larger than 100 hp, that engine shall be equipped with a catalyzed diesel particulate filter (soot filter), unless certified by engine manufacturers that the use of such devices is not practical for specific engine types. For purposes of this condition, the use of such devices is "not practical" if, among other reasons: ▪ There is no available soot filter that has been certified by either the California Air Resources Board or U.S. Environmental Protection Agency for the engine in question; or ▪ The construction equipment is intended to be on-site for ten (10) days or less ▪ The City may grant relief from this requirement if the construction contractor can demonstrate that they have made a					

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
good faith effort to comply with this requirement and that compliance is not possible • The use of a soot filter may be terminated immediately if one of the following conditions exists, provided that the City is informed within ten (10) working days of the termination: ▪ The use of the soot filter is excessively reducing normal availability of the construction equipment due to increased time for maintenance, and/or reduced power output due to an excessive increase in backpressure ▪ The soot filter is causing or is reasonably expected to cause significant engine damage ▪ The soot filter is causing or is reasonably expected to cause a significant risk to workers or the public ▪ Any other seriously detrimental cause which has the approval of the City prior to the termination being implemented • All heavy earthmoving equipment and heavy duty construction related trucks with engines meeting the requirements of (c) above shall be properly maintained and the engines tuned to the engine manufacturer's specifications. • All diesel heavy construction equipment shall not remain running idle for more than five minutes, to the extent practical.					
GEO-1: Design Project for Erosion Control. Standard Best Management Practices (BMPs) shall be incorporated into the Storm Water Pollution Prevention Plans (SWPPPs) for construction and operation, and shall minimize onsite soil erosion and offsite sedimentation. Temporary erosion control measures shall be required during the	Project Sponsor/ Construction Contractor	Ensure compliance with SWPPP during construction through building permit	Prior to construction activities	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
construction period to help maintain water quality, protect property from erosion damage, and prevent accelerated soil erosion or dust generation.		process; ongoing as to operational practices			
GEO-2: Controls for Excavation of Serpentine. Prior to Project construction, previously-prepared geotechnical reports and boring and trenching logs from the site shall be reviewed to identify areas of serpentinite bedrock that would be disturbed during excavation and Project construction. An Asbestos Dust Mitigation Plan shall be submitted to the Bay Area Air Quality Management District (BAAQMD) for approval in accordance with the *Final Regulation Order Asbestos Airborne Toxic Control Measure for Construction, Grading, Quarrying, and Surface Mining Operations.*	Project Sponsor/ Construction Contractor	Implementation of Asbestos Dust Mitigation Plan through building permit process	Prior to excavation and construction activities in areas underlain with serpentinite	Port and DBI; BAAQMD as to approval of Asbestos Dust mitigation Plan	
GEO-3: Design to Seismic Design Requirements. Due to the site's proximity to earthquake faults and the characteristics of the soil profile, a site-specific study shall be conducted to develop seismic design criteria. Project facilities shall be designed and constructed at a minimum to the seismic design requirements for ground shaking specified in the Uniform Building Code for Seismic Zone 4. Additionally, to satisfy the provisions of the 1998 California Building Code, these facilities shall be designed to withstand ground motions equating to approximately a 500-year return period (10 percent probability of exceedance in 50 years). For design purposes, site-specific ground motions shall be calculated for all project sites.	Project Sponsor/Construction Contractor	Project Sponsor to include such specifications in its building permit plans as part of building permit process	Prior to issuance of building permit	Port and DBI	
GEO-4: Design Project for Liquefiable Deposits. A site-specific program of exploratory borings and accompanying laboratory testing shall be required in order to delineate potentially liquefiable materials beneath the construction area. Geotechnical investigations shall be required for consideration	Project Sponsor/Construction Contractor	Ensure compliance with foundation design criteria as part of building permit	Prior to issuance of building permit	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
prior to foundation design and development of site-specific design criteria.		process			
GEO-5: Design Project for Shrink-Swell/Subsistence. A program of site-specific exploratory borings and accompanying laboratory testing shall be required to delineate any potentially expansive materials underneath the proposed Project facility sites and to evaluate the potential for site subsidence and identify and implement appropriate design measures (e.g. pile supports or replacement of undesirable materials) in accordance with applicable codes.	Project Sponsor/Construction Contractor	Ensure compliance with appropriate design measures in accordance with applicable codes as part of building permit process	Prior to issuance of building permit	Port and DBI	
WATER-1: Erosion Control and Contaminant Source Control. Apply for and comply with NPDES construction permit, and Industrial Activities General Permit. Requirements for the permits include submittal of a Notice of Intent, development of a Stormwater Pollution Prevention Plan (SWPPP), monitoring and inspections, and submittal of annual compliance reports.	Project Sponsor/Construction Contractor	Project Sponsor prepares and permits SWPPP as part of building permit process	Prior to issuance of building permit; ongoing under terms of operational SWPPP	Port and DBI	
WATER-2: Spill Prevention and Control Plan for HDD. Drilling shall be performed in accordance with a site-specific Spill Prevention and Control (SPCC) Plan for HDD Operations for Drill Fluids and Cuttings. Spill response measures included in this plan, should a spill occur, shall include reducing fluid pressures, thickening the fluid mixture, and/or adding pre-approved loss circulation materials (LCMs) to the mixture.	Project Sponsor/Construction Contractor	Project Sponsor prepares SPCC. Monitor and ensure compliance with SPCC through the building permit process	Prior to commencement of construction	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
WATER-3: Use of Pilot Hole and Reaming. HDD shall be performed using a pilot hole plus reaming technique to minimize the potential for impacts to groundwater. To prevent significant water quality impacts, drilling muds shall consist of naturally occurring materials such as water and bentonite clay, plus inert, non-toxic polymers. Both the drilling technique and early detection and response shall be used to minimize release of fluids to the environment. HDD shall start with completion of a small-diameter pilot hole. The pilot hole is gradually enlarged using reaming. This technique acts to prevent sudden loss of large volumes of drilling fluids. Early detection and rapid response shall be implemented to minimize loss of drilling fluids. In the event loss of drilling fluids is detected, natural LCMs such as cotton dust, cottonseed hulls, wood fiber, mica, and cedar fiber shall be added to the drilling fluid. Alternative actions that shall be considered and implemented, as required, include reduction in drilling pressure, thickening of the fluid mixture, and construction of spill control structures, pits, and silt fences onshore, or silt curtains offshore.	Project Sponsor/Construction Contractor	Monitor and ensure compliance with pilot hole plus reaming technique through the building permit process	Prior to construction and excavation activities	Port and DBI	
CUL-1a: Archeological Resource Testing. Due to the potential for buried cultural resources on the HWC (Mitigated) site and within the Mirant Potrero Power Plant portion of the Project area, a subsurface survey (i.e., testing) of the HWC (Mitigated) site and the cable route across the Mirant plant site shall be conducted utilizing mechanical exploratory borings prior to construction activities. The subsurface survey shall be implemented as a means to determine the presence and extent of buried archaeological resources within the plant area as well as to	Project Sponsor/Construction Contractor	Monitor and ensure compliance through the building permit process	Prior to construction and excavation activities	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
evaluate the potential significance of any resources encountered. Any identified remains shall be evaluated against the NRHP/CRHR significance criteria. If the resources are not eligible for the NRHP/CRHR, then no further consideration of these resources shall be required. If the resources are eligible for the NRHP/CRHR, additional mitigation measures may be required. The testing program shall be documented within a technical report. The report shall include the aforementioned resource evaluations, if any, and provide recommendations for the further management of cultural resources. Such recommendations could include data recovery excavations as well as the monitoring of all ground-disturbing activities associated with the project.					
CUL-1b: Archaeological Resource Data Recovery Based upon the results of the testing program, it may be necessary that a data recovery excavation be implemented. CEQA stipulates that if avoidance of the important archaeological resource is not feasible, a data recovery excavation may be warranted. When data recovery through excavation is the only feasible mitigation, a data recovery plan, which makes provisions for adequately recovering the scientifically consequential information from and about the resource, shall be prepared and adopted prior to any excavation being undertaken. The development of this plan, as well as the implementation of field work, shall be conducted in consultation with the SHPO, and, if the site is of aboriginal association, with the NAHC and local Native American community as well.	Project Sponsor/Construction Contractor	Monitor and ensure compliance with findings of archaeologist through the building permit process	Prior to construction and excavation activities	Port and DBI in consultation with SHPO/NAHC	
CUL-1c: Archaeological Resource Construction Monitoring. Following completion of the archaeological testing efforts, it may be determined that construction monitoring is necessary to prevent	Project Sponsor/Construction Contractor	Monitor and ensure compliance with findings of	Prior to construction and excavation activities	Port and DB in consultation with SHPO/NAHCI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
significant impacts to important cultural resources. In the event monitoring is warranted, a qualified professional archaeologist shall be retained to observe all ground-disturbing activities associated with the Project. If archaeological materials are observed by the monitoring archaeologist, he/she shall have the authority to halt all ground-disturbing activities within the vicinity of the exposed materials until the nature and significance of the find could be evaluated and mitigation measures implemented, if needed. The development of mitigation measures shall be conducted in consultation with SHPO and, if the site is of aboriginal association, with the NAHC and local Native American community as well.		archaeologist through the building permit process			
TRAFFIC-1: Coordination to Reduce Cumulative Traffic Impacts. Truck shipments on the regional roadway shall be scheduled for non-peak periods when delays are less prevalent, as practical. The construction contractor shall coordinate with Caltrans to identify appropriate routings and times for site deliveries and comply with Caltrans recommendations. This mitigation measure would successfully mitigate the Project's contribution to cumulative impacts occurring on the regional roadway system.	Project Sponsor/ Construction Contractor	Monitor and ensure compliance through the building permit process	Prior to construction activities involving truck shipments	Port and DBI in consultation with Caltrans	
TRAFFIC-2: Coordination of Oversized Loads. Coordination with Caltrans and local jurisdictions shall be conducted to ensure proper permitting for oversized loads, which shall be required in advance of construction.	Project Sponsor/ Construction Contractor	Monitor and ensure compliance through the building permit process	Prior to construction activities involving truck shipments with oversized loads	Port and DB in consultation with DPT, Caltrans	
TRAFFIC-3: Signage for Temporary Street Closures. Any needed temporary closure of local streets in San Francisco will be mitigated by coordinating street closures with the San Francisco Department of Parking and Traffic (DPT) and, if	Project Sponsor/ Construction Contractor	Monitor and enforce compliance through the building permit	Prior to any construction activities involving temporary	Port and DBI in consultation with DPT	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
appropriate, erecting signage that reroutes traffic onto neighboring streets. The coordination shall account for providing continued access for emergency vehicles in the study area and ensure that the City of San Francisco's Emergency Operations Plan could be activated without impediment. With these mitigation measures, temporary construction impacts on traffic circulation would be mitigated to a less-than-significant level.		process	street closures		
TRAFFIC-4: Reducing Impact on the Movement of MUNI Light Rail Vehicles into and out of the Metro East Maintenance Facility. The Project laydown area located at Pier 94/96 is the preferred laydown area. As indicated in Section 4.10.3.2.1 of the Draft EIR, Construction-related Impacts, truck deliveries to the Pier 94/96 laydown area would not produce significant impacts along Cargo Way and would avoid a potential conflict with the movement of MUNI light rail vehicles along 25th Street. If the Western Pacific site were used as an alternative laydown area, the Construction contractor will coordinate with MUNI, Port of San Francisco, and the Department of Parking and Traffic to minimize delays to MUNI Metro operation and to define times for scheduling of truck deliveries if the truck deliveries were to occur during the peak period.	Project Sponsor/ Construction Contractor	Monitor and enforce compliance through the building permit process	Prior to any construction activities involving areas included in the mitigation measure	Port and DBI in consultation with DPT	
PS-1: Construction Fire Prevention. A Construction Fire Prevention and Protection Program shall be developed for the Project to be followed throughout all phases of construction. The program will specifically address: • General requirements • Responsibilities • Housekeeping • Employee alarm/communication system • Portable fire extinguishers	Project Sponsor/ Construction Contractor	Monitor and ensure compliance through the building permit process	Prior to construction activities	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
• Fixed fire-fighting equipment • Fire control • Flammable and combustible liquid storage • Use and handling of flammable and combustible liquids • Dispensing and disposal of flammable and combustible liquids • Servicing and refueling areas • Training					
PS-2: Utility Survey. Prior to any excavation work a survey shall be conducted to identify locations of subsurface utilities.	Project Sponsor/ Construction Contractor	Monitor and ensure compliance through the building permit process	Prior to excavation activities	Port and DBI	
PS-3: Operations Fire Prevention. An Operations Fire Prevention and Protection Program shall be developed for the Project to be followed throughout all phases of operation. The program will specifically address: • Names and/or job titles responsible for maintaining equipment and accumulation of flammable or combustible material • Procedures in the event of fire • Fire alarm and protection equipment • System and equipment maintenance • Monthly inspections • Annual inspections • Fire-fighting demonstrations and training • Housekeeping practices • Training	Project Sponsor	Monitor and ensure compliance through the building permit process	Prior to commencement of operations	Port and DBI	
VIS-1Aa: Plan Submittal Requirements for Building Materials and Colors. All major Project features, including buildings, structures, fencing, and sign backgrounds (excluding electric switch	Project Sponsor	Monitor and ensure compliance through the	Plans and final design shall be submitted prior to building	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
gear and related wires and cables, etc. which shall be galvanized gray as shown in the simulations) shall be painted with neutral tan or gray colors that will minimize the size and height of the facility, blend with adjacent structures and be compatible with natural landscapes where applicable. A specific painting plan shall be developed for approval by the agency with local jurisdiction to ensure that the proposed colors do not unduly contrast with the surrounding landscape colors. All treatments shall be in non-reflective colors. The painting plan shall be submitted sufficiently early to ensure that any pre-colored buildings, structures and linear facilities shall have colors approved and included in bid specifications for such buildings or structures.		building permit process	permit issuance		
VIS-1Ab: Plan Submittal Requirements for Landscaping. A specific landscaping plan shall be prepared showing the location of proposed landscaping, the varieties and sizes of plants to be planted, and the proposed time of maturity for each species. Plants shall be selected from the approved species list prepared by the agencies with jurisdiction.	Project Sponsor	Monitor and ensure compliance through the building permit process	Plans and final design shall be submitted prior to building permit issuance	Port and DBI	
VIS-2: Plan Submittal Requirements for Lighting. Except as required by security and worker-safety requirements, night lighting shall be hooded to direct illumination downward and inward toward the areas to be illuminated in order to minimize nighttime light and glare, backscatter to the nighttime sky, and visibility of lighting to public viewing areas. A specific lighting plan consistent with operational and safety needs and limiting the general lighting levels to a maximum reasonable level shall be submitted to each agency with jurisdiction for approval. The plan shall include provisions for timed and/or motion detection-	Project Sponsor	Monitor and ensure compliance through the building permit process	Plans and final design shall be submitted prior to building permit issuance	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
controlled switches.					
VIS-3: Landscaping Plan. The view of the proposed HWC Converter Station (mitigated) from Warm Water Cove Park shall be improved by addition of landscaping screening. In order to improve views northward from Warm Water Cove Park, the applicant shall develop a landscape plan which provides screening foliage where consistent with facility location and safety. The landscaping plans shall be reviewed and approved by agencies with jurisdiction.	Project Sponsor	Monitor and ensure compliance through the building permit process	Plans and final design shall be submitted prior to building permit issuance	Port and DBI	
HAZ-1: Complete an ACM Abatement Plan and an LBP Abatement Plan. Complete ACM and LBP investigation and characterization on the converter station site to fill data gaps and to support development of worker safety procedures, in accordance with regulatory requirements to protect construction workers and the public. The ACM and LBP Abatement Plans shall be completed in compliance with application regulations based on the historical and newly acquired ACM and LBP data. If ACM and LBP are confirmed to be present in concentrations above regulatory limits, the Project Sponsor shall use ACM- and LBP-certified removal contractors and trained asbestos and lead-based paint removal workers, conduct dust monitoring, and properly dispose of generated wastes offsite. The Project Sponsor shall also prepare a site Health and Safety Plan for this work.	Project Sponsor/Construction Contractor	Monitor and ensure compliance through the building permit process	Conduct required ACM and LBP removal prior to construction activities; perform dust monitoring during demolition activities	Port and DBI	
HAZ-2: Soil Removal Protocols. Previously uncharacterized soils that are stained or odiferous shall be segregated on plastic, sampled, and characterized for onsite use or offsite disposal. The Soil and Groundwater Management plans (SMP, GMP) shall detail storage, transportation, and disposal options for soil and groundwater excavated/extracted during the converter station	Project Sponsor/ Construction Contractor	Monitor and ensure compliance through the building permit process	Implement SMP protocol during construction activities; perform dust monitoring during hazardous soils	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
construction. They shall also specify dust monitoring needs for soil excavation and management. Previously characterized hazardous soils shall be loaded onto trucks for offsite disposal. Hazardous soil disposal requires that hazardous waste manifests accompany the waste. Hazardous waste transporters shall be required to haul hazardous soils to a Class I hazardous waste landfill. The personnel handling the hazardous soils are required to have met the OSHA hazardous work operations training requirements. A Health and Safety Plan shall be prepared for this work. Previously characterized non-hazardous soils shall be stockpiled for onsite or offsite reuse or offsite disposal, as needed.			excavation, as applicable		
HAZ-3: Reduction of Hazards During Construction Phase. The hazards presented by the use of hazardous materials during the construction phase are well understood, and the appropriate management controls to mitigate potential impacts shall be implemented. These controls include: 1) developing required management plans, e.g., a Spill Prevention, Control, and Countermeasure Plan (see HAZ-5 for more SPCC Plan details); 2) secondary containment; 3) separate storage of incompatible materials; and 4) proper training of personnel. Additionally, construction personnel shall be trained in safety and defensive emergency response procedures. Construction personnel shall also receive hazardous-waste-related training that focuses on recognition of potentially contaminated soil and/or groundwater that may be encountered during subsurface excavations for foundations or pipeline/cable trenches. If such contaminated soil or groundwater is suspected, contingency procedures	Project Sponsor/ Construction Contractor	Monitor and ensure compliance through the building permit process	During construction activities	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
shall be followed to protect worker safety and public health. All vehicles and construction equipment shall be inspected to ensure that no fluids are leaking (e.g., oil, hydraulic fluid, lubricants, or brake fluid) and that all fuels and fluids are stored in proper, clearly labeled containers. Hazardous materials that must be disposed of will be disposed of as hazardous waste in accordance with the appropriate regulations for storage, transportation, and disposal of hazardous waste.					
HAZ-4: Management of Construction-phase Waste Streams. The onsite management and offsite disposal procedures of solid wastes (including potentially contaminated soil) shall be in a Solid Waste Management Plan for the Project. Waste shall be stockpiled temporarily before disposal offsite. The local fire department and emergency management team shall be provided a list of the waste material expected to be generated and stored onsite. Hazardous wastes generated during construction shall be collected in hazardous waste accumulation containers near the point of generation and moved daily to the construction contractor's 90-day hazardous waste storage area at the converter station site. The accumulated waste shall be delivered to an authorized waste management facility. The exact volume of hazardous wastes to be generated at the San Francisco HWC (Mitigated) Converter Station site cannot be estimated at this time, but the estimated amount of excavated soil that would need to be disposed of offsite is estimated at approximately 15,000 cubic yards for this converter station site. Even if this entire amount of excavated soil would need to be disposed of as	Project Sponsor/ Construction Contractor	Monitor and ensure compliance through the building permit process	During construction activities		

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
hazardous waste, it would not exceed a significant portion of the available hazardous waste landfill capacity in California. The capacity details of various landfills for both non-hazardous and hazardous waste are detailed in Table 4.14-5. The capacity and estimates for daily volumes of waste received were verified, as detailed in the personal communications provided in the references for this section.					
HAZ-5: Construction-phase Spill Prevention, Control, and Countermeasures. The following shall be implemented both to prevent spills from occurring and to minimize impacts in the event that they do occur: • All spills shall be cleaned up quickly and all workers shall be adequately trained to recognize the hazards associated with such spills. • A Spill Prevention, Control, and Countermeasure (SPCC) Plan for the converter station shall be prepared in accordance with federal and state regulations. This plan must be prepared if petroleum products are stored onsite in ASTs with a capacity that equals or exceeds 55 gallons for a single tank or equals or exceeds 1,320 gallons aggregate for more than one tank. The SPCC Plan must be prepared before the delivery of petroleum products to the site. The SPCC Plan shall include information on spill response procedures and fuel storage. • Material Safety Data Sheets (MSDSs) for each chemical used during construction shall be kept onsite. Construction employees shall be informed of the location and content of the MSDSs, as required by OSHA's Hazard Communication Standard, Title 29 of the Code of Federal Regulations (CFR) Section 1910.1200. • In case of an accident, the City and County	Project Sponsor/ Construction Contractor	Monitor and ensure compliance through the building permit process	During construction activities	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
of San Francisco Fire Department shall be notified as the first responder. All other federal, state, and local notification requirements shall be followed for any release that exceeds the reportable quantity or threatens to have a significant impact. • The Project shall comply with all transportation requirements for hazardous materials on state highways. These requirements apply to both hazardous materials coming onto the site and hazardous wastes leaving the site. All vehicles and construction equipment shall be inspected to ensure that there are no leaking fluids (e.g., oil, hydraulic, lubricants, or brake fluid) and that all fuels and fluids are stored in proper, labeled containers. Any observation of spills, leaking fluids, or improperly stored fluids shall trigger the issuance of a "stop work" notice until the problem is resolved, including the removal of any soil contaminated by vehicle fluids. The Project shall comply with all transportation requirements for hazardous materials on state highways. These requirements apply to both hazardous materials coming onto the site and hazardous wastes leaving the site.					
HAZ-6: Reduction of Construction Dust and Volatilization of Contaminants. Dust control measures (i.e., keeping the soil wet during excavation) shall be implemented during excavation and construction activities, and dust monitoring shall be performed. Suspected contaminated soil that is stockpiled on the site shall be covered daily with plastic to prevent volatilization of contaminants and to control dust. Contaminated soil may also be loaded directly onto trucks for transport to an appropriate offsite disposal facility. The loaded soils shall be properly covered and manifested as necessary. Dust monitoring shall be performed during excavation and loading of hazardous soils.	Project Sponsor/ Construction Contractor	Monitor and ensure compliance through the building permit process	During construction activities	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
The accumulated waste will then be delivered to an authorized waste management facility. Dust monitoring shall confirm that the dust control measures are effectively protecting site workers and the public.					
HAZ-7: Contaminated Groundwater Control. If groundwater was encountered during construction at the converter station site, the water shall be collected onsite in a tank or tanks, sampled, and analyzed. Based on the analytical data, the water shall be characterized for disposal by one of the following methods: • Used onsite for dust control. • Treated onsite and discharged under the authority of a general National Pollutant Discharge Elimination System (NPDES) permit. Treatment options shall include, but are not limited to, filtration or filtration and treatment by granular-activated carbon [GAC]. Treatment residuals shall be sampled, analyzed, characterized, and disposed of offsite in compliance with applicable regulations. • Disposed of offsite at a commercial water treatment facility in compliance with applicable regulations. If groundwater was encountered at the HWC (Mitigated) Converter Station site and it was found to be contaminated, it is possible that the RWQCB would require groundwater control as part of the development plan for the Project on that site. Potential groundwater-remedial strategies would depend on a number of factors including: site contaminants, evaluation of impacts to human health and the environment, and evaluation of the technical merits of available remedial strategies. The final selection would be made by the RWQCB. Potential groundwater control methodologies include installing a slurry wall around a portion or	Project Sponsor/ Construction Contractor	Monitor and ensure compliance through the building permit process	Implement groundwater control measures during construction activities, and into operation phase as required; perform groundwater collection, storage, treatment and discharge monitoring as necessary	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
the entire contaminated site combined with groundwater pump and treatment and discharge of treated groundwater to a storm drain/sewer system under the authority of an NPDES permit. Other alternative technologies include in situ biological treatment and in situ oxidation or reduction, depending on the site-specific contaminants and hydrogeological conditions.					
HAZ-8: Control of Operations-phase Hazardous Materials. A Hazardous Materials Business Plan (HMBP) shall be developed and implemented prior to turnover of site management from the construction contractor to the operating company. All hazardous materials shall be handled and stored in accordance with applicable codes and regulations. Storage quantities of all hazardous materials shall be minimized, and non-hazardous materials shall be substituted for hazardous materials at the converter station to the extent practicable. Small-quantity chemicals used for maintenance tasks shall be kept in appropriate inflammable material or corrosive material storage lockers. Bulk chemicals shall be stored in ASTs, and all other chemicals shall be stored in their original shipping containers. Incompatible materials shall be stored in separate storage containment areas. Chemical storage areas and transfer areas shall be equipped with secondary containment sufficient in size to contain the volume of the largest container or tank, including an allowance for rainwater. Areas susceptible to potential leaks and/or spills shall be paved and bermed or otherwise secondarily contained. Specifically, the transformers and the diesel ASTs shall have secondary containment. Periodic inspections shall be conducted to ensure that all containers are secure and properly marked. Piping and tanks will be protected from potential traffic hazards by	Project Sponsor	Monitor and ensure compliance through the building permit process	Throughout operations phase	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
concrete or other barriers. Hazardous materials will be delivered to the converter station periodically. Transportation of these materials shall comply with all applicable regulations of the U.S. Department of Transportation, the EPA, DTSC, the California Highway Patrol, and the State Fire Marshal. An HMBP shall be prepared prior to delivery of specified hazardous materials to the converter station in conformance with Title 19 of the California Code of Regulations (CCR) and California Health and Safety Code Section 25504. The HMBP requires facilities to develop the following information: • Facility map showing locations of hazardous materials and emergency response equipment • Hazardous materials inventory, including MSDSs for all hazardous materials stored and used onsite • Emergency contact information • Emergency response plans and procedures • Emergency notification procedures • Emergency response training for all employees					
HAZ-9: Manage Waste Generation, Storage, and Disposal During Operations Phase. Before facility start-up, an application shall be made to DTSC for a hazardous waste generator number. The facility shall not treat, store, or dispose of hazardous waste in a manner that will cause the facility to be characterized as a treatment, storage and disposal facility (TSDF). A detailed waste management plan shall be prepared prior to start-up to ensure proper storage, labeling, packaging, record keeping, manifesting, minimization, and disposal of all hazardous materials and wastes. The waste management plan will include: • A description of each hazardous waste stream	Project Sponsor	Monitor and ensure compliance through building permit process	Throughout operations phase	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
• Handling, transport, treatment, and disposal procedures for each waste • Preparedness, prevention, contingency, and emergency procedures • Personnel training Scrap materials such as paper, packing materials, glass, metal, and plastic shall be segregated and managed for recycling. Non-recyclable inert wastes shall be stored in covered trash bins in accordance with local ordinances and picked up by an authorized local trash hauler on a regular basis for transport and disposal in suitable landfill. Skimmed oil collected from equipment drains and other liquids from equipment shall be transported by an authorized carrier to a certified recycling facility.					
HAZ-10: Operations-phase Spill Prevention, Controls, and Countermeasures. The following shall be implemented during operations: • All workers shall be adequately trained to recognize the hazards associated with accidental spills. Training shall include ensuring that personnel who maintain the facility are adequately trained to recognize the hazards associated with such spills. Personnel who maintain the facility will be trained in the use of fire suppression equipment, evacuation, notification, and other defensive emergency response procedures. Maintenance personnel will also be trained in hazardous materials and hazardous waste awareness, handling, and management, as required for their level of responsibility. • The proper use of safety procedures and development and implementation of a project-specific SPCC Plan will help prevent such incidents. The SPCC Plan will include information on spill response procedures and fuel storage.	Project Sponsor/operating company	Monitor and ensure compliance through building permit process	Throughout operations phase	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
• An MSDS will be kept onsite for each onsite chemical. • The programs to be implemented to protect worker health and safety shall also benefit public safety. Facility design shall include redundant controls and monitoring systems to minimize the potential for conditions in which accidental spills could occur. Potential public health impacts associated with facilities operation will be mitigated by development and implementation of Emergency Response Plans, an SPCC Plan, secondary containment structures for oils and other hazardous materials, safety programs, and employee training.					
HAZ-11: Reduction of Fire and Explosion Risk and Emergency Support During Operations Phase. The flashpoints of transformer oil and diesel fuel are 295°F and 100°F, respectively, and the auto ignition points are 484°F and 494°F, respectively (Sax, 1992; MSDS for transformer oil; MSDS for diesel fuel). The National Fire Prevention Association (NFPA) assigns lubricating oils a fire hazard rating of 1, meaning that the materials "must be preheated before ignition can occur. Materials of these types require considerable preheating, under all ambient temperature conditions, before ignition and combustion can occur" (Siemens, 2006). The converter station shall have onsite fire protection systems (including emergency backup systems). During the detailed design phase of the proposed Project, potential fire protection designs and systems shall be reviewed with local agencies to finalize design details. In general, the fire protection system shall consist of automatic detection and firefighting equipment. The fire detection control panel will be located in the control room and will be connected to the control and protection system for remote	Project Sponsor	Monitor and ensure compliance through building permit process	During design and throughout operations phase	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
annunciation. The fire alarm will be initiated automatically by smoke, heat, or flame detectors, or manually by push-button. A combination of detectors will be used, including infrared and ultraviolet detectors, ionization and optical smoke detectors, and rate-of-rise temperature-sensitive detectors, depending on the equipment and/or space being monitored. Audible alarms and flashing lights will be activated in the event of a fire. The equipment or area where the alarm is triggered will be indicated on the control panel. The firefighting equipment shall initiate automatically, using water sprays and curtains or an appropriate gas-extinguishing agent. Fire detection and automatic firefighting equipment will be connected to a power supply within the fire-detection control panel, which will be connected to the mains via a power supply/battery charger unit with an internal 24-volt battery. A pump house shall be included within the facility with 2 diesel fire-water pumps, each 225 kW. The fire-water pump and backup emergency lighting will be electrically powered by a diesel-powered generator capable of operating at full standby without refueling for 96 hours, as required in a seismically active area.					
HAZ-12: Manage Seismic Activity. To minimize seismic damage to the facility and the resulting hazardous materials spills, the designers and construction contractor shall follow the Uniform Building Code for Seismic Zone 4. This action would reduce Impact HAZ-12 to a less-than-significant level.	Project Sponsor/Construction contractor	Monitor and ensure compliance through the building permit process	During design, construction and operation phases	Port and DBI	
PALEO-1: Potential Fossil Resources Protection. The following measures shall be implemented: • Pre-construction meetings shall be held with key construction personnel to provide brief	Project Sponsor/ Construction Contractor	Monitor and ensure compliance through the building permit	A professional paleontologist shall be retained prior to project	Port and DBI	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
discussions pertaining to paleontological resource significance, visual identification, and discovery notification procedures. • Proposed construction areas containing geological units designated with a potentially moderate or high sensitivity rating shall be monitored by a professional paleontologist during construction, to insure that subsurface paleontological resources are adequately protected. • If unique paleontological resources are discovered, all significant fossil material shall be collected, prepared, identified, and curated, and then placed into a state-designated scientific repository. • Salvage operations shall be conducted in accordance with professional paleontological (e.g., SVP) standards.		process	implementation, and shall conduct monitoring during onshore construction activities		

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
Offshore Cable Route					
AIR-3: Marine Vessel Emission Controls. The following shall be implemented to control emissions from vessels owned by Prysmian: • Use California diesel, Purinox, biodiesel, or other fuel (whichever is feasible and would result in lowest emissions) • Minimize diesel engine fuel usage as much as possible • Use shore-side power when docked instead of running engines, where feasible	Project Sponsor/ Construction Contractor	Implement approved marine vessel emission controls	During all marine vessel operations in San Francisco Bay	Port	
AIR-4: Implement Mitigation AIR-3. Implement Mitigation Measure AIR-3.	Project Sponsor/ Construction Contractor	Implement approved marine vessel emission controls	During all marine vessel operations in San Francisco Bay	Port	
WATER-5: Avoidance of Sediment Contamination. To avoid potential known nearshore and offshore sediment contamination, the HDD shall be completed as far offshore as is feasible and remote from RMP station CB012S near Potrero Point in San Francisco. Hydroplow or equivalent technology activities shall also avoid known contamination in the area of station CB012S. Confirmation sediment sampling shall be performed at the location where the HDD emerges into the Bay and the results shall be considered and addressed prior to commencement of construction near this location.	Project Sponsor/Construction Contractor	Monitor and ensure compliance as part of building permit process	Prior to completion of final design	Port	
WATER-7: Vessel Fuel Spill Response Plan. All	Project Sponsor	Monitor and	Prior to	Port	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
vessel operators associated with the proposed Project shall update their contingency plans and continue to use emergency response services for pollution incidents. Review of updates and modifications to plans shall be done under the US Coast Guard's (USCG's) regular oversight of oil spill contingency plans. The work of updating and expanding the spill response plans shall be based on NOAA's Environmental Sensitivity Index (ESI), which involves the systematic compilation in a standardized format of information related to coastal shoreline sensitivity, biological resources, and human uses.		ensure compliance with any necessary reviews, updates, and modifications to Response Plan	commencement of cable laying operations		
CUL-3a: Archaeological Resources Geophysical Survey. A geophysical remote-sensing survey shall be conducted along the offshore cable route to detect any potential submerged or sub-bottom archaeological resources. Depending on the geographic or bathymetric setting, an appropriate remote-sensing field survey could include deployment of a side scan sonar, sub-bottom profiler, and magnetometer to help detect these resources. The results of the geophysical survey will be reviewed by a qualified marine archaeologist and a report documenting these efforts and interpreting the results shall be produced.	Project Sponsor/Construction Contractor	Monitor and ensure compliance with any mitigation measures spelled out in marine archaeologist's report	Prior to project construction	Port	
CUL-3b: Archaeological Resources Avoidance. Potential submerged and/or buried archaeological resources detected through the geophysical survey shall be avoided unless they can satisfactorily be determined to not represent archaeological resources (e.g., modern debris, existing infrastructure) as documented in the technical report.	Project Sponsor/Construction Contractor	Monitor and ensure compliance as part of building permit process	Prior to project construction	Port	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
CUL-3c: Archaeological Resources Supplemental Underwater Investigation. If it is infeasible to avoid potential submerged and/or buried archaeological resources, follow-up diver survey or Remote Operated Vehicle investigations might be required to positively identify the targets. If targets are determined to be archaeological resources, they shall be evaluated against the NRHP/CRHR significance criteria. If the resources are not eligible for the NRHP/CRHR, then no further consideration of these resources is required. If the resources are eligible for the NRHP/CRHR, Data Recovery (Mitigation Measure CUL-1b) may be required.	Project Sponsor/Construction Contractor	Monitor and ensure compliance as part of building permit process	Prior to project construction	Port in consultation with SHPO	
LU-4a: Vessel Crew Procedures. Marine crews shall watch for navigational hazards (i.e., during periods of high use by recreational boaters including windsurfers within the vicinity of selected terminal locations; during periods of high recreational use, such as weekends or race events; or when weather hazards exist) to reduce the risk of incidents involving construction vessels and recreational users in the Bay.	Project Sponsor/ Construction Contractor	Monitor and ensure compliance s part of building permit process	Prior to and during cable installation activities	Port	
LU-4b: Coast Guard Coordination. Construction crew management shall coordinate construction activities with the USCG Safety Branch to ensure that no marine recreational events conflicts arise. The Project coordinator shall include information to the USCG which would issue a Local Notice to Mariners. In addition, each affected harbor district will be made aware of the timing of water-based Project activities such as the cable laying operations. Applicable navigation rules will be enforced including the Cable Act of 1992 (47 CFR §76) which states that other vessels must maintain	Project Sponsor/ Construction Contractor	Monitor and ensure compliance as part of building permit process	Contact USCG prior to construction; submit Daily Notice to Mariners during construction-related vessel movement in the Bay	Port	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
a 1.15 mile (1-nm) separation from a vessel laying or repairing an undersea cable.					
LU-5: Local Plans and Policies Coordination. The Project Sponsor shall coordinate with the City of Martinez and Contra Costa County to provide adequate notification and gain the appropriate permits and authorization required for installation of the submarine cable.	Project Sponsor	Monitor and ensure compliance as part of building permit process	Prior to issuance of BCDC permit	Port in conjunction with USCG	
MTRANS-1a: Project Registration, Information and Pilotage. Large construction vessels like the C/S Giulio Verne and any support vessels shall be required to notify the VTS at the beginning and end of each transit, and shall be monitored continuously. The USCG shall also notify operators of vessels in the area of the construction activities via Notices to Mariners. To ensure safe entrance into the Bay, all ships operating under foreign registry, like the Giulio Verne, are required to have a San Francisco Bar Pilot navigate the ship into the Bay.	Project Sponsor/ Construction Contractor	Monitor and ensure compliance as part of building permit process	Prior to and during submarine cable installation activities	Port in conjunction with USCG	
MTRANS-1b: Compliance with Navigation Rules. The vessels involved in cable laying shall be required to identify themselves and operate in accordance with COLREGS. The applicable navigation rules for San Francisco Bay shall regulate the cable laying operations and are designed to prevent collisions. Within the Bay, the operators of all vessels engaged in the Project shall have the legal responsibility to preclude hazardous situations, according to the applicable navigation rules.	Project Sponsor/ Construction Contractor	Monitor and ensure compliance as part of building permit process	Prior to and during submarine cable installation activities	Port in conjunction with USCG	
MTRANS-1c: Precautionary Area. A safety precautionary area shall be established around the construction vessels, and will be identified via the	Project Sponsor/ Construction Contractor	Monitor and ensure compliance as	Prior to and during submarine	Port in conjunction with USCG	

Mitigation Measure(s)	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/ Reporting Responsibility	Status/Date Completed
USCG Notice to Mariners to make vessels operating in the area aware of Project activities. All cable-laying vessels shall also operate in accordance with the applicable navigation rules including the Cable Act of 1992.		part of building permit process	cable installation activities		
MTRANS-1d: Publication of Cable Location. The planned location of the cable has been reviewed with the US Army Corps of Engineers, at local bottom depths as indicated by soundings on current navigation charts. The project proponent/construction contractor shall document the specific as-built location of the submarine cable for its entire length and shall provide GPS coordinates for critical waypoints of the cable alignment as required by the USACE and NOAA for inclusion on San Francisco Bay navigational charts and in the applicable volume(s) of the U.S. Coast Pilot. All cable-laying vessels shall also operate in accordance with the applicable navigation rules including the Cable Act of 1992.	Project Sponsor/ Construction Contractor	Monitor and ensure compliance as part of building permit process	Prior to and during submarine cable installation activities	Port in conjunction with USACE, NOAA	

[i] The following acronyms were used in the table above and are defined herein:

ACM:	Asbestos-containing materials
ASTs:	Above-ground storage tanks
BAAQMD:	Bay Area Air Quality Management District
Caltrans:	California Department of Transportation
CCCFPD:	Contra Costa County Fire Protection District
COLREGS:	International Rules for Preventing Collision at Sea
DBI:	Department of Building Inspection
DPT:	Department of Parking and Traffic
DTSC:	Department of Toxic Substances Control
FEMA:	Federal Emergency Management Agency
LBM:	Lead-based paint
MUNI:	San Francisco Municipal Railway

NAHC:	Native American Heritage Commission
NOAA:	National Oceanic and Atmospheric Administration
NOAA:	National Oceanic and Atmospheric Administration
NPDES:	National Pollutant Discharge Elimination System
NRHP/CRHR:	National Register of Historic Places/California Register of Historic Places
OSHA:	Occupational Health and Safety Administration
PAHs:	Polyaromatic Hydrocarbons
ppm:	parts per million
RMP:	Regional Monitoring Program
RWQCB:	Regional Water Quality Control Board
SHPO:	State Historic Preservation Officer
SVP:	Society of Vertebrate Paleontology
TPH:	Total petroleum hydrocarbons
USACE:	United States Army Corps of Engineers
USCG:	United States Coast Guard
VTS:	Vessel Traffic Services

PORT OF SAN FRANCISCO

MEMORANDUM

March 9, 2007

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman

FROM: Monique Moyer MMoyer
Executive Director

SUBJECT: Request approval of resolution approving: (1) Port Commission License No. 14324, a non-exclusive license for the use of property consisting of approximately 9.4 miles of submerged lands, a small portion of shoreline along 23rd Street, and a portion of 23rd Street to install a 400 MW high voltage transmission line, with a term of four years and consideration including license payments to the Port in excess of $1.26 million and payments to the San Francisco Public Utilities Commission equaling $3.5 million; and (2) Port Commission License No. 14325, a non-exclusive license for use of the property for operation of the transmission line with a term of twenty-five years with several renewal options and consideration including license payments to the Port in excess of $1.2 million dollars annually, public benefit payments to Port and to City in excess of $25 million between Trans Bay Cable LLC and the City and County of San Francisco acting by and through the San Francisco Port Commission and the Mayor's Office of Economic and Workforce Development.

DIRECTOR'S RECOMMENDATION: APPROVE THE RESOLUTION.

Introduction

Trans Bay Cable LLC ("TBC") proposes to install a 400 MW high voltage direct current PLUS transmission line ("Project") beneath the Bay, between the cities of Pittsburg and San Francisco. Port staff made an informational presentation to the San Francisco Port Commission ("Port Commission") on December 12, 2006, regarding the Project. On February 27, 2007, Port staff made an additional informational presentation regarding the environmental review and approval process for the Project, the role the Project will play in the City and County of San Francisco's transmission grid and related energy policy considerations, and draft terms of the proposed Port-TBC license agreements. This report describes the final proposed license agreements between the Port and TBC.

This Print Covers Calendar Item No. 9C

Background

The Project sponsor is a wholly-owned subsidiary of Babcock & Brown LP, a San Francisco-based company, in cooperation with Pittsburg Power Company, a municipal utility. The primary goal of the Project is to transmit electrical power from the East Bay, which has excess electricity-generation capacity and to reduce transmission grid congestion to the distribution facilities in San Francisco.

The California Independent System Operator ("CAISO") approved the Project as the preferred long-term transmission alternative to address the identified electric reliability concerns in San Francisco and northern San Mateo County beginning in 2012 and supports an earlier date of operation.

The Project consists of the following major components:

- Approximately 53 miles of 10-inch diameter high voltage direct current ("DC") cable buried in Bay sediment between PG&E's Pittsburg Substation and its San Francisco Potrero Substation. A portion of the cable will be located in approximately 9.4 miles of submerged lands and a small portion of shoreline under Port jurisdiction (see Exhibit A).

- A DC cable route from the edge of the San Francisco Bay immediately south and east of 23rd Street to a San Francisco converter station site.

- Construction of converter stations in Pittsburg and San Francisco, which are utilized to convert DC transmitted by the cable to alternating current ("AC"). In San Francisco, pursuant to the Project Final Environmental Impact Report ("FEIR"), the mitigated location for this proposed 5-acre converter station is the Harrigan Weidenmuller Company ("HWC") site, which is private property located on Illinois Street between 23rd and 24th streets.

- An AC cable route connecting the San Francisco converter station site and the existing local PG&E Potrero Substation.

Public Benefits

During Project negotiations, City staff considered the Project through the lens of adopted City policies. City energy policy is (principally) established by the San Francisco Master Plan - Energy Element (1981), the San Francisco Electricity Resource Plan (2002), and the San Francisco Climate Action Plan (2004) (collectively, "City Energy Policies").

CAISO expects the Project to be the major new transmission system upgrade serving the City through 2018. The peninsula geography of the City, the location of its major electrical substations, the retirement of existing generation facilities (such as the Hunters Point Power Plant) and subsequent reuse of the land upon which these facilities are located, and related development activity will likely frustrate future transmission system upgrades to the City.

In-City energy-efficiency, load management and distributed renewable energy generation projects are preferred alternatives to fossil fuel generation. City staff has concluded that these approaches

are also the most effective methods of enhancing the public investment in the Project and extending the transmission grid reliability benefits of the Project, if it is approved.

It is established City policy to impose development exactions and negotiated public benefits associated with major development projects to further City policies. City staff negotiated a proposed package of public benefits with TBC designed to:

1. Fulfill the Port's obligations as trustee of tidelands and other property granted to the City pursuant to the Burton Act;

2. Preserve and maintain open space consistent with the Waterfront Land Use Plan and Design and Access Element; and

3. Implement City Energy Policies.

Appraisal and Appraisal Instructions

On December 14, 2006, the California State Lands Commission ("SLC") approved a license agreement with TBC for the portion of the Project route under SLC jurisdiction. SLC in-house appraisal staff conducted an appraisal of the route based on methodology that utilized upland industrial land sales in the proximate vicinity of the specified license area, and then applied a 50 percent discount and 9 percent annual rate of return to the license area to calculate an annual license fee.

At the Port's request, the Department of Real Estate hired Carneghi-Blum & Partners, Inc. from its pool of approved appraisers and the Port directed the appraiser to utilize a methodology similar to that employed by SLC to conclude a license fee for the area under the Port's jurisdiction.

The concluded annual license fee is $1,230,000. A copy of the appraisal report is on file with the Port Commission Secretary.

License Agreements

Project negotiations were conducted by Port staff in close consultation with the Mayor's Office of Economic and Workforce Development ("MOEWD"). Due to the broader energy and electric reliability implications of the Project, MOEWD will be a co-signatory to the Port-TBC license agreements, acting on behalf of the City and the San Francisco Public Utilities Commission ("SFPUC").

Port staff have negotiated two proposed license agreements, the first a construction period license ("Construction License") for a term of four years, and the second a consecutive operation license ("Operation License"; together with the Construction License, " Licenses") for a term of 25 years, with four (4) consecutive options to renew for ten (10) years for the first three options and seven years for the last option. Both proposed agreements are subject to approval of the Board of Supervisors pursuant to Charter Section 9.118. Copies of the proposed Licenses are on file with the Port Commission Secretary.

Table 1 below outlines the terms of the proposed Licenses, subject to Port Commission approval.

Table 1: Terms of Proposed Port-TBC Construction License and Operation License1	
License Area:	Parcel A: approximately 9.4 miles of submerged land running from the San Francisco County line to the San Francisco shore immediately south of 23rd Street, equaling approximately 545,952 square feet2. Subject to refinement when final construction plans are complete. Parcel B: approximately 301 linear feet of land running from the San Francisco shore south of 23rd Street to portions of 23rd Street east of Illinois Street that are under Port jurisdiction.
Use or Permitted Activities:	Construction License: installing, constructing, maintaining and limited start-up testing of the Project. Licensee will be required to restore the license area after construction pursuant to all regulatory and permitting requirements. Operation License: use and maintenance of the Project, including but not limited to the right to excavate, repair, reconstruct, replace (but in no event greater in diameter than the original cable system), and remove the Project solely for the transmission, transportation and/or distribution of electric energy and communications between the converter stations in Pittsburg and San Francisco. Licensee is strictly prohibited from profiting from any third-party use of the fiber optic cable within the Project.
Commencement Dates:	Construction License: Upon Port Commission and Board of Supervisors approval, execution of the license by both Port and Licensee (estimated to occur mid 2007), and receipt by Port of the security deposit, environmental oversight deposit and letter of credit. Operation License: Upon expiration of the construction license, receipt by Port of the security deposit, environmental oversight deposit, and letter of credit and receipt by SFPUC of Renewable Energy, Transmission and Grid Reliability Payments.
Rent Commencement Date:	Construction License: Same as Commencement Date Operation License: Same as Commencement Date.
License Fee:	Construction License: Year 1: $307,500.00 Year 2: $313,650.00 Year 3: $319,923.00 Year 4: $326,321.00 2. Operation License:

[1] All capitalized terms not defined in this Table 1 are as defined in the Construction License and Operation License, as applicable.

[2] 9.4 miles multiplied by 11 feet equals 545,952 square feet.

Table 1: Terms of Proposed Port-TBC Construction License and Operation License1	
	Year 1: $1,331,392.00 Year 2: $1,358,019.00 Year 3: $1,385,180.00 Year 4: $1,412,883.00 Year 5: $1,441,141.00 Year 6: Higher of (i) the Year 5 License Fee, or (ii) the amount equal to 545,952 multiplied by the Prevailing Market Rate. Year 7-15: 102% of prior year's License Fee Year 16: Higher of (i) the Year 15 License Fee, or (ii) the amount equal to 545,952 multiplied by the Prevailing Market Rate. Year 17-25: 102% of prior year's License Fee.
Term:	Construction License: Four years. Operation License: 25 years.
Renewal Option:	Four (4) consecutive options to renew the Operation License for ten (10) years for the first three options and seven years for the last option (each an "extension term"). The license fee will be adjusted prior to each extension term to equal the higher of (i) the then current license fee, or (ii) the amount equal to 545,952 multiplied by the Prevailing Market Rate.
Early Termination Right by Licensee:	Licensee must provide no less than 18 months notice and pay termination fee equal to the license fee payable for one year following the proposed termination date.
Security Deposit:	Cash deposit equal to two months' of license fee.
Letter of Credit:	Construction License: $6 million letter of credit, securing any requirement of a Regulatory Agency for Investigation or Remediation of any Hazardous Materials arising out of or in connection with the construction of the Project, including, without limitation, requirements which would not have been imposed except for Licensee's use of the License Areas or Licensee's Permitted Activities. The Letter of Credit will be maintained from the start of the construction period through six (6) months after delivery of all documents, summaries, reports and findings required to be submitted to the Regional Water Quality Control Board. After such six (6) month period, the letter of credit will be reduced to equal $1 million to secure all obligations under the Construction License. Operation License: $1 million letter of credit throughout term to secure all obligations under the Operation License, which amount shall be increased to up to $6 million indexed to CPI, as determined by Port Executive Director in her/his sole discretion each time there is construction involving disturbance of soils and/or Bay mud near the San Francisco Bay shore in the License Area. The letter of credit will be reduced to $1 million following six (6) months after delivery of all documents, summaries, reports and findings required to be submitted to the Regional Water Quality Control Board.
Environmental Oversight	$10,000, adjusted every five years by the cumulative CPI from execution of the Construction License, to secure Port costs and expenses related to the increased

Table 1: Terms of Proposed Port-TBC Construction License and Operation License1	
Deposit	environmental and regulatory inspection, monitoring, enforcement and administration of Licenses. The deposit must be replenished if drawn upon by Port.
Decommissioning:	At least 18 months prior to expiration or earlier termination of the Operation License, Licensee to submit a final cable removal plan. Licensee to remove cable infrastructure unless otherwise instructed by Port.
Assignment:	Requires prior written consent of Port; provided, however, Licensee has right to assign the Licenses to the City of Pittsburg, Pittsburg Power Company and an Affiliate of TBC without the prior written consent of Port.
Insurance:	Comprehensive General Liability Insurance, Workers' Compensation as required by Law with Employer's Liability Insurance, Comprehensive Automobile Liability Insurance, Contractor's Pollution Legal Liability Insurance, Protection and Indemnity Insurance or other form of Watercraft Liability Insurance and Vessel Pollution Insurance in amounts and a form of coverage acceptable to the City Risk Manager.
Condition of Property:	"AS IS", "WITH ALL FAULTS"
Indemnity:	Standard Port General Indemnity and Toxics Indemnity.
Submission of Documents:	Copies of all reports, tests, samplings and any other reports or documents required under the lease with SLC (including, but not limited to, a hazardous spill contingency plan and critical operations and curtailment plan).
Public Trust Public Benefit Payment:	In addition to the annual license fees, $5,500,000, to be paid by Licensee to Port in ten separate installment payments of $550,000 each, commencing thirty (30) days after the Commercial Operating Date and on or before each of the next nine (9) consecutive Commercial Operating Anniversary Dates. A portion of the Public Trust Public Benefit Payments (such portion to be determined by the Port Commission in its sole and absolute discretion) shall be used by the Port Commission to implement, advance, promote or enhance access along the waterfront, one of the foundation points to the Waterfront Land Use Plan (and accompanying Waterfront Design & Access Element), the Port Commission's comprehensive policy document that guides its balanced management and improvement of its lands. Specifically, a portion of the Public Trust Public Benefit Payments shall be used to maintain open space for shoreline areas from Pier 70 to the southern boundary of Port Commission jurisdiction to (i) provide opportunities for the protection of wildlife and for passive and active recreational uses, and (ii) enhance the public's appreciation of the waterfront by providing greater opportunities for public access in a manner which does not compromise the efficiency of maritime operations. A portion of the Public Trust Public Benefit Payments (such portion to be determined by the Port Commission in its sole and absolute discretion) shall be used by the Port Commission to implement, advance, promote or enhance energy efficiency and renewable energy policies and projects on Port Commission property consistent with City Energy Policies and Mayor Gavin Newsom's Executive Directive 05-104 on Energy Conservation.

Table 1: Terms of Proposed Port-TBC Construction License and Operation License1	
Community Outreach:	By the Commencement Date, TBC will present its proposed plan for conducting outreach, for term of the licenses, to various community groups and stakeholders in the vicinity of the Project, for educating the public with respect to the Trans Bay Cable Project, and for informing the Board of Supervisors and other Regulatory Agencies about the Project, subject to review, modification and approval by the Port.
Renewable Energy, Transmission and Grid Reliability Payment:	A total of thirty-six (36) separate installments, each equaling $97,222.22, commencing thirty (30) days from the close of construction financing and monthly thereafter to the SFPUC (totaling $3,500,000) to implement, advance, promote or enhance policies and projects consistent with City Energy Policies.
San Francisco Electricity Resource Plan Payment:	A total of ten separate payments of $2,000,000 to SFPUC (subject to annual CPI increases) starting thirty (30) days after the Commercial Operating Date and on or before each of the next nine (9) consecutive Commercial Operating Anniversary Dates, to be used by the City to implement, advance, promote or enhance policies and projects consistent with City Energy Policies.
Good Utility Practice:	TBC to provide SFPUC with copies of any reports to CAISO concerning maintenance or operation of the Project, subject to a City-TBC confidentiality agreement (if required) and quarterly meetings to review Project reliability.
Additional Documents:	TBC to provide copies of any studies, applications, reports, memorandums, permit applications, permits, licenses, plans, drawings, applications of rate approvals, or other agreements and supporting documentation that TBC is not contractually prohibited from sharing with a third party relating to the Project, including but not limited to, any Studies relating to the San Francisco transmission grid and its substations and any alternative routing of submarine cable to and from the City.
Sales and Use Tax:	City shall be entitled to receive sales and use taxes ordinarily payable under Law. Licensee shall use its best commercially reasonable efforts to have the City and County of San Francisco realize sales and use taxes as to the converter station in San Francisco, including all of its components. Within one hundred twenty (120) days following execution of this License by all parties, Licensee shall provide to Port the City of Pittsburg's written consent to Licensee's obligations under this Section.

Tax Law Considerations and Estimates of City Tax Receipts

Property and Possessory Interest Tax

The Project will be constructed and owned by TBC until transfer to the City of Pittsburg for $1 at the commencement of commercial operation.

According to TBC, California Constitution, Article 13, Section 11 provides that "Improvements owned by a local government that are outside its boundaries are taxable if they were taxable when

acquired...". This provision would appear to apply to the portions of the Project within San Francisco's jurisdiction, including 9.4 miles of installed cable and the SF Converter Station. Since the Project crosses four counties, the California State Board of Equalization will administer the Project for purposes of property taxes.

TBC estimates initial property tax payments associated with the San Francisco Converter Station at between $875,000 to $1,000,000 annually, based on estimated construction costs of $70,000,000 to $80,000,000. TBC has not estimated the installed cost of the cable. If TBC's estimates are correct, the City's General Fund could expect to receive from $570,000 to $650,000 annually (excluding possessory interest tax payments associated with the Licenses, if applicable). These are initial estimates and the payments will be established by the State Board of Equalization.

Sales and Use Tax

The City of Pittsburg expended considerable effort negotiating provisions in the Pittsburg-TBC agreements designed to treat the City of Pittsburg as the point-of-sale for purposes of application of the Sales and Use Tax for items such as major components of the converter station, cable and other construction-related Project components, to the extent allowed by law.

The proposed Construction License provides for like provisions for the City and a requirement for TBC to deliver a specific letter agreement between TBC and Pittsburg agreeing to this Port license provision.

TBC has not provided an estimate of the portions of the Project subject to Sales and Use Tax.

Federal Energy Regulatory Commission ("FERC") Rate Approvals

The Project is subject to the exclusive jurisdiction of FERC for rate setting purposes. FERC rate setting methodology is a cost-of-service rate method subject to the Federal Power Act of 1920.

The Project will receive its transmission revenue requirements from CAISO through the collection of transmission access charges to be established by FERC. Under those principles, TBC will be entitled to recover from CAISO an annual revenue amount comprised of:

1. a return of debt and equity capital based on the prudently-incurred costs of developing, constructing and financing the Project;
2. a return on debt and equity capital;
3. a recovery of income tax; and
4. a recovery of prudently incurred operating and maintenance expenses.

In accepting the Operating Memorandum between TBC, the City of Pittsburg and Pittsburg Power Company for filing (Trans Bay Cable, LLC, 112 FERC ¶ 61,095 (2005), order on clarification, 114 FERC 61,031 (2006)), FERC has established the following rate principles to be applied in establishing TBC's revenue requirement:

1. an assumed capital structure of 50% debt and 50% equity for a period of 36 months following the Commercial Operations Date;
2. a post-tax return on equity of 13.5%; and
3. a rate moratorium for a period of 36 months following the Commercial Operations Date (during which time the FERC may order a change in TBC's revenue requirement only if it finds that such a change is required by the public interest).

Projected Ratepayer Impacts within CAISO Grid

The cost of transmission lines constructed within the Control Area of CAISO is shared by electricity ratepayers in California. The CAISO Control Area generally includes PG&E Territory, Southern California Edison (SCE) Territory, San Diego Gas & Electric (SDG&E) Territory and other metered subsystems, as shown on Exhibit B.

Table 2 shows the projected rate impacts of the Project, if approved.

Table 2: Estimated Project Rate Impacts[3]

	Prior to TBC	*After TBC*	
		Year 1	*Year 30*
Rate kWh:	$0.1424/kWh	$0.1429/kWh	$0.1427/kWh
Average Monthly Bill:	$64.10	$64.32	$64.21
Net Increase:		22 cents/month	11 cents/month

[3] Rate Impact estimates provided by TBC.

According to TBC, recent additions to high voltage transmission facilities in southern California have increased average rates by approximately 19 cents per month. The rates in the chart do not take into account potential cost savings that could result from the Project as a result of electrical grid congestion reduction or any future increases.

Conclusion

Port staff recommends approval of the resolution authorizing the Port Executive Director to execute the license agreements in substantially the form on file with the Port Commission Secretary. As stated at the February 27, 2007 Port Commission meeting, Port staff makes no recommendation about the Project related to the role its plays in serving the City's energy needs, as this is beyond the scope of Port expertise.

Prepared by: Brad Benson, Special Projects Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 07-23

WHEREAS, California Statutes of 1968, Chapter 1333 (the "Burton Act") and the San Francisco Charter Section B3.581 empower the San Francisco Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port Commission jurisdiction; and

WHEREAS, Trans Bay Cable LLC ("Licensee") proposes to install, operate and maintain approximately 53 miles of high voltage direct current ("HVDC") PLUS transmission cable bundle of approximately ten (10) inches in diameter (referred to herein as the "cable") running from the City of Pittsburg to the City of San Francisco ("City"). Approximately 9.4 miles of the cable are in submerged lands, a small portion of shoreline along 23rd Street, and on a portion of 23rd Street that under Port Commission jurisdiction (the "License Area"). The HVDC PLUS transmission cable would transmit power from a converter station in the City of Pittsburg (connected to the Pittsburg Pacific Gas and Electric (PG&E) Substation) to a converter station in the City which will then convert the DC power to AC power for delivery to the PG&E Potrero Substation and distribution to City consumers (the "Trans Bay Cable Project"); and

WHEREAS, The Trans Bay Cable Project (1) will augment the electrical transmission system serving the City to improve reliability and increase capacity, (2) received approval from the Federal Energy Regulatory Commission of its rate principals in July 2005, and (3) received approval in September 2005 from the California Independent Systems Operator ("CAISO") as the long-term reliability and load serving solution that will provide power to the City to meet its requirements for years to come; and

WHEREAS, On November 6, 2006, the City of Pittsburg, as lead agency, certified the Final Environmental Impact Report ("FEIR") for the Trans Bay Cable Project by Resolution No. 06-10661. The FEIR was supplemented by an addendum published by the City of Pittsburg on December 26, 2006 ("Addendum"); and

WHEREAS, Licensee has applied for an Encroachment Permit from the City and County of San Francisco Department of Public Works ("DPW Encroachment Permit") to install portions of the Trans Bay Cable Project within the portions of the City-streets; and

WHEREAS, The Port Commission's jurisdiction includes lands granted to the City and County of San Francisco ("City") by the Burton Act, subject to the trust grant, that underlie the License Area; and

WHEREAS, CAISO approved the Project as the preferred long-term transmission alternative to address the identified electric reliability concerns in San Francisco and northern San Mateo County beginning in 2012 and supports an earlier date of operation. CAISO

expects the Trans Bay Cable Project to be the major new transmission system upgrade serving the City through 2018 (and perhaps longer); and

WHEREAS, The peninsula geography of the City, the location of its major electrical substations, the retirement of existing generation facilities and subsequent reuse of the land upon which these facilities are located, and related development activity will frustrate future transmission system upgrades to the City; and

WHEREAS, In-City energy-efficiency, load management and distributed renewable energy generation projects are the most effective methods of extending the reliability of electrical transmission grid serving the City (as augmented by the Trans Bay Cable Project) and are recognized as the preferred policies of the City pursuant to the San Francisco Master Plan - Energy Element (1981), the San Francisco Electricity Resource Plan (2002), and the San Francisco Climate Action Plan (2004) (collectively, "City Energy Policies"); and

WHEREAS, It is established City policy to impose development exactions and negotiated public benefits associated with major development projects to further City policies; and

WHEREAS, Each of the development exactions and public benefits imposed in the Construction License and Operation License is necessary in order to further accomplish the City Energy Policies and Port obligations as trustee of tidelands and other property granted to the City pursuant to the Burton Act; and

WHEREAS, The Port Commission staff, in close consultation with the Mayor's Office of Economic and Workforce Development, has negotiated a non-exclusive license with Licensee for use of the License Area during (1) Licensee's construction of the Trans Bay Cable Project (the "Construction License"), a copy of which is on file with the Port Commission Secretary, which is hereby declared to be a part of this resolution as if set forth fully herein, and (2) the operational period of the Trans Bay Cable Project immediately following completion of the construction of the Trans Bay Cable Project (the "Operation License"; together with the Construction License, the "Licenses"), a copy of which is on file with the Port Commission Secretary , which is hereby declared to be a part of this resolution as if set forth fully herein; and

WHEREAS, Due to the broader energy and electric reliability implications of the Trans Bay Cable Project, the Mayor's Office of Economic and Workforce Development will be a co-signatory to the Licenses, acting on behalf of the City and the San Francisco Public Utilities Commission ("SFPUC"); and

WHEREAS, The Construction License shall be for a term of four (4) years, subject to terms and conditions described in the Construction License and the Operation License shall be for a term of twenty-five (25) years, with four (4) consecutive options to renew for ten (10) years for the first three (3) options and seven (7) years for the last option (each an "extension term"), subject to terms and conditions described in the Operation License (including but not limited to, an adjustment of the license fee prior

to each extension term to equal the higher of the then current licensee fee or the amount equal to 545,952 multiplied by the Prevailing Market Rate (as defined in the Operation License));

WHEREAS, In addition to annual license payments to the Port Commission, Licensee shall pay to Port Five Million Five Hundred Thousand Dollars ($5,500,000.00), which payment will be paid in ten (10) separate installments commencing thirty (30) days following the day after the Trans Bay Cable Project commences commercial operation as designated by CAISO (the "Commercial Operating Date") and on or before each of the next nine consecutive anniversary dates of the Commercial Operating Date, each equaling Five Hundred Fifty Thousand Dollars ($550,000.00) (the "Public Trust Public Benefit Payments");

WHEREAS, A portion of the Public Trust Public Benefit Payments (such portion to be determined by the Port Commission in its sole and absolute discretion) shall be used by the Port Commission to implement, advance, promote or enhance access along the waterfront, one of the foundation points to the Waterfront Land Use Plan (and accompanying Waterfront Design & Access Element), the Port Commission's comprehensive policy document that guides its balanced management and improvement of its lands. Specifically, a portion of the Public Trust Public Benefit Payments shall be used to maintain open space for shoreline areas from Pier 70 to the southern boundary of Port Commission jurisdiction to (i) provide opportunities for the protection of wildlife and for passive and active recreational uses, (ii) enhance the public's appreciation of the waterfront by providing greater opportunities for public access in a manner which does not compromise the efficiency of maritime operations; and (iii) address the less-than significant impact on open space and waterfront access of a new, long-term industrial use in the vicinity of 23rd Street; and

WHEREAS, A portion of the Public Trust Public Benefit Payments (such portion to be determined by the Port Commission in its sole and absolute discretion) shall be used by the Port Commission to implement, advance, promote or enhance energy efficiency and renewable energy policies and projects on Port Commission property consistent with City Energy Policies and Mayor Gavin Newsom's Executive Directive 05-104 on Energy Conservation; and

WHEREAS, Simultaneously with the Port Commission staff's negotiation of terms for the Licenses, MOEWD, on behalf of the City and the San Francisco Public Utility Commission ("SFPUC"), has negotiated for (1) the payment of Three Million Five Hundred Thousand Dollars ($3,500,000.00) by Licensee to the SFPUC (the "Renewable Energy, Transmission and Grid Reliability Payment"), to be paid in thirty-six (36) separate installments, each equaling Ninety-Seven Thousand Two Hundred Twenty-Two Dollars and 22/100 ($97,222.22), commencing thirty days from the close of construction financing and monthly thereafter, and (2) the payment of Two Million Dollars ($2,000,000.00) annually subject to increases in the Consumer Price Index (Base Year: 2010) (the "SF Electric Reliability Payment") by Licensee to a special account established by the City Controller, to be paid in ten (10)

separate installments, commencing thirty (30) days following the Commercial Operating Date and on or before each of the next nine consecutive anniversary dates of the Commercial Operating Date; and

WHEREAS, The Renewable Energy, Transmission and Grid Reliability Payment and the SF Electricity Reliability Payment shall be used by the SFPUC to implement, advance, promote or enhance policies and projects consistent with City Energy Policies; and

WHEREAS, The Port Commission on March 13, 2007, by Resolution 07-22, acting as responsible agency under CEQA, considered the environmental effects of the Trans Bay Cable Project, as identified by the FEIR and Addendum, that relate to the Port Commission's discretionary actions. The Port Commission made findings on the Trans Bay Cable Project and its Alternatives and adopted a mitigation monitoring and reporting program; and

WHEREAS, San Francisco Charter Section 9.118 requires Board of Supervisors approval of leases of real property for a period of ten (10) or more years or having anticipated revenue to the City of One Million Dollars ($1,000,000.00) or more; and

WHEREAS, The policy of the Board of Supervisors, as set forth in Administrative Code Section 2.6-1, is to approve only proposed leases involving property or facilities of the City that have been awarded to the highest responsible bidders in accordance with the competitive bidding procedures, except where impractical or impossible; and

WHEREAS, The Trans Bay Cable Project will provide power to the City to meet its requirements for years to come, the terms set forth in the Licenses offer substantial economic benefits to the Port Commission, and the terms set forth in the Licenses offer substantial economic means to the Port Commission and the City to implement existing Port Commission and City policies and directives relating to energy and open space; and

WHEREAS, The Trans Bay Cable Project is the only project evaluated by CAISO that has obtained the regulatory approvals, permits and licenses necessary to construct a transmission facility to the City and County of San Francisco using Port property and, therefore, a public competitive bidding process at this time is impractical for a lease opportunity of this type for use of the Bay floor; now, therefore, be it

RESOLVED, That the Trans Bay Cable Project is the only project evaluated by CAISO that has obtained the regulatory approvals, permits and licenses necessary to construct a transmission facility to the City and County of San Francisco using Port property and, therefore, a public competitive bidding process at this time is impractical for a license opportunity of this type for use of the Bay floor; and, be it further

RESOLVED, That the Port Commission approves the Licenses and authorizes and directs the Executive Director or her designee to forward the Licenses to the Board of Supervisors (the "Board") for approval, pursuant to the Board's authorization under

Charter Section 9.118, and upon the effectiveness of such approval, to execute the Licenses; and, be it further

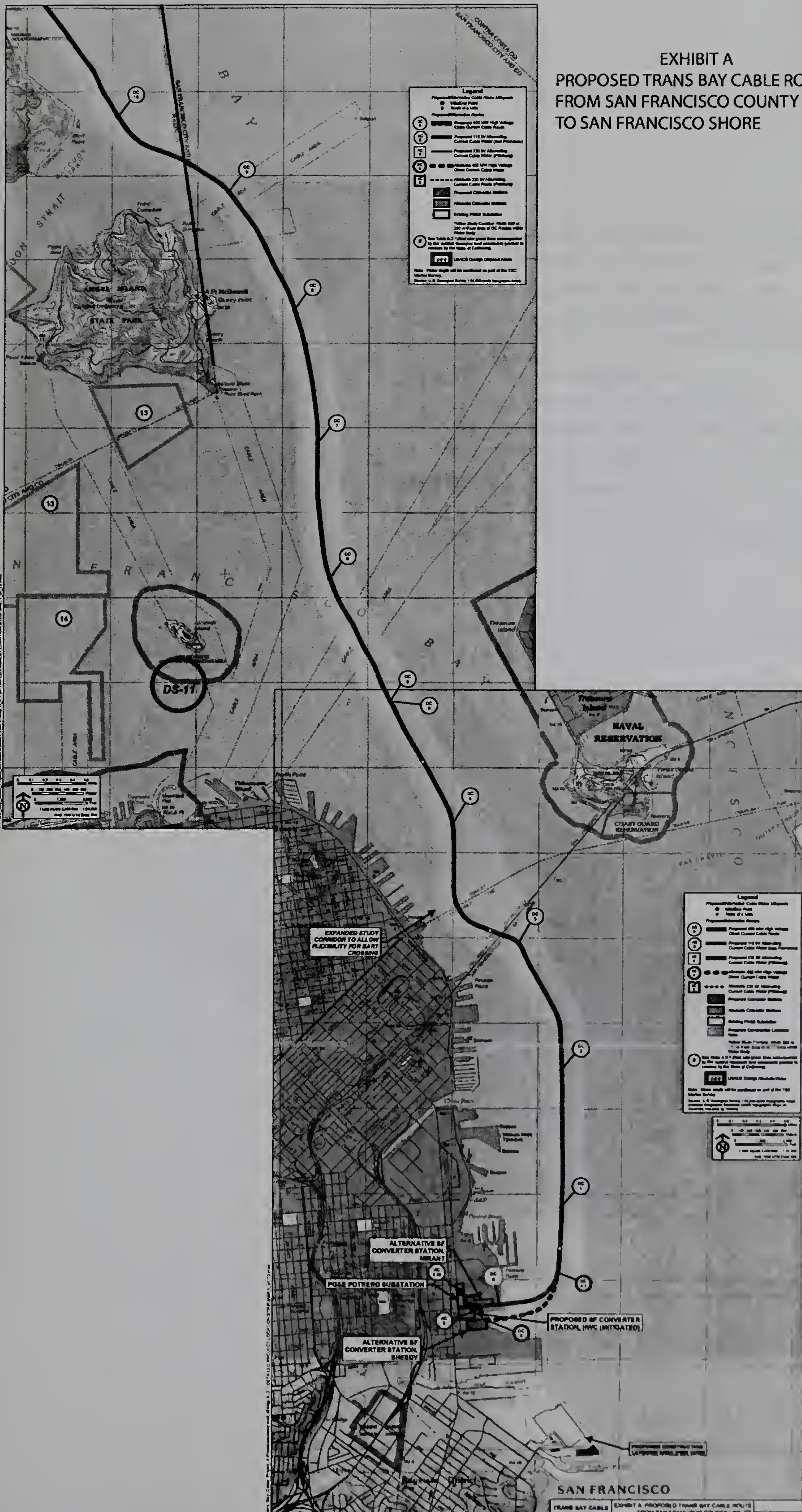
RESOLVED, That the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the Construction License and/or the Operation License that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the Construction License and the Operation License contemplate and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Construction License and the Operation License, and any such amendments thereto.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 13, 2007.

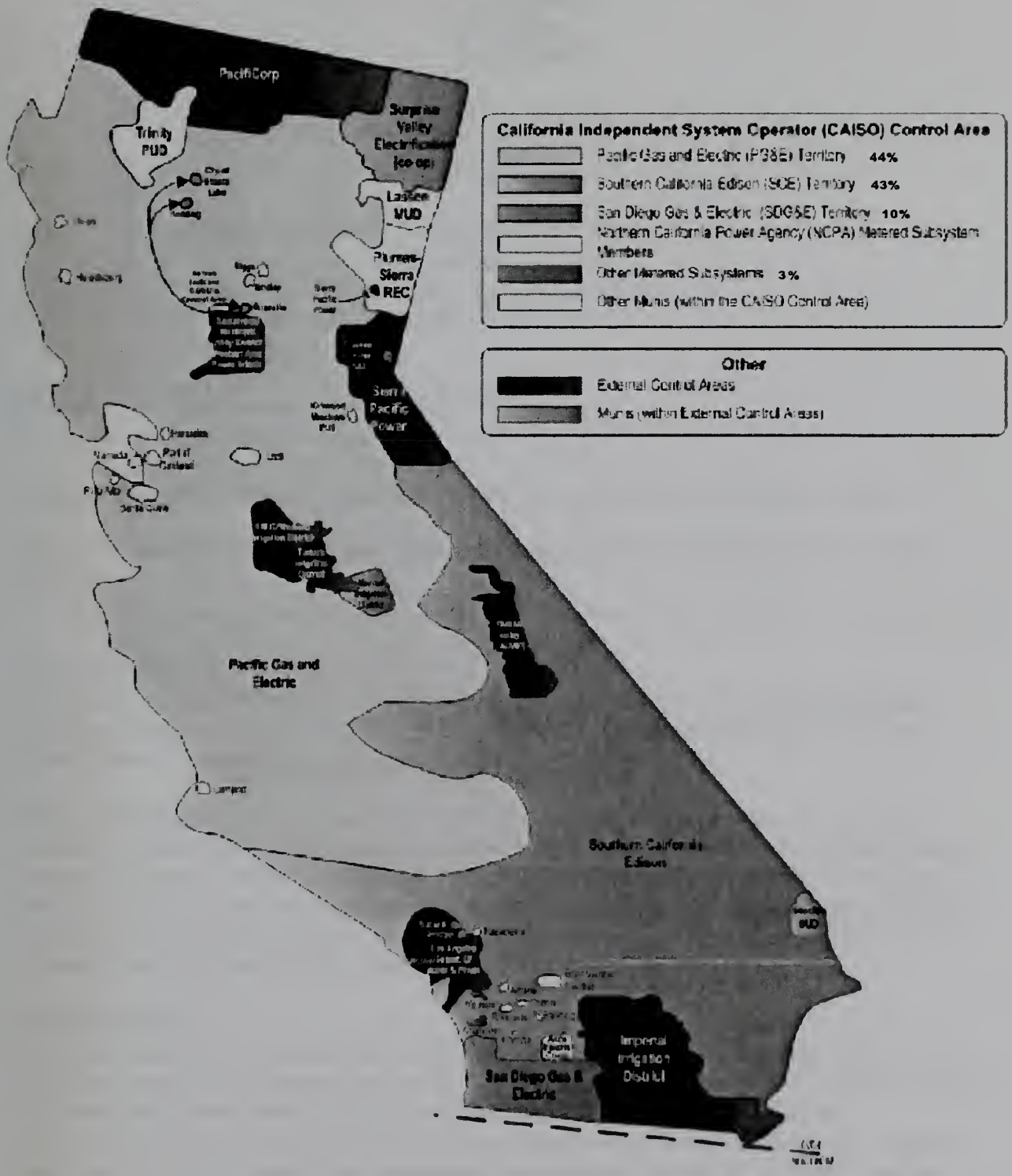
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Secretary

EXHIBIT A
PROPOSED TRANS BAY CABLE ROUTE
FROM SAN FRANCISCO COUNTY LINE
TO SAN FRANCISCO SHORE



CAISO Internal Utilities and External Control Areas



PORT OF SAN FRANCISCO

MEMORANDUM

March 8, 2007

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Rodney Fong

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation on the Port's Facilities Assessment Program

DIRECTOR'S RECOMMENDATION: INFORMATIONAL PRESENTATION – NO ACTION REQUIRED

INTRODUCTION
The purpose of this presentation is to give the Port Commission an overview of the Port's Facilities Assessment Program (FAP). This presentation will focus on the FAP objectives, protocol/procedures and accomplishments.

The initiation and implementation of all FAP actions are performed by the Port's Facility Assessment Team (FAT). The team is comprised of representatives assigned by Port's deputy directors and the Chief Harbor Engineer. The team meets monthly to prioritize inspections, review the results of recent inspections, notify tenants of structural conditions, establish repair responsibility, resolve lease issues, prioritize repairs, establish funding, track project repair schedules, and document facility repairs executed by the Port or tenants.

BACKGROUND
The Port's Facility Assessment Program (FAP) started in 2002 and is managed by the Port's Facilities Group in the Engineering Division. The Port started this program primarily to perform rapid structural assessments (RSAs) of the Port Facilities to fulfill the Port's lease responsibilities and as an asset management tool. The program is also used to assure public safety and to confirm that on-going operational uses are safe. For the first round of facility assessments, the inspections generally started in the northern waterfront and commenced to the south.

This Print Covers Calendar Item No. 10A

FAP objectives:

FAP has several key objectives-

- Perform periodic assessments of the Port's facilities and maintain an updated list/map of Port facility structural conditions
- Determine maintenance and repair needs
- Perform pre-lease and post-lease inspections at the request of the Port's Real Estate and Maritime divisions.
- Perform detailed structural assessments as required for preparing detailed construction documents and cost estimates for facility repairs
- Inform public/tenants about substandard and unsafe conditions
- Fulfill Port's legal obligation to inform tenants of facility conditions on a periodic basis as required by certain leases

FAP Protocol/procedures:
One of the first FAP action items was to develop a protocol on how to perform inspections, notify tenants and publicize the findings. Once the protocol was developed, it has been strictly followed for all aspects of the program. A brief summary of the FAP protocol follows:

The assessments are performed by a California-licensed Civil/Structural Engineer. Port Staff notifies affected tenants prior to entering their premises to perform any inspections. The assessments findings are summarized in a short report with photographs and maps. After the Chief Harbor Engineer's review and approval, the report is published on the Port's Intranet with portwide notification.

Where no structural deficiencies are found, the Port's Real Estate and/or Maritime Division send a copy of the report to the tenants and no further action is required.

Where deficiencies are found, within 10 days of report publication, an internal strategy meeting is held. This meeting determines repair responsibility, reviews lease impacts, repair strategies and their impact on tenant operations and devises details of the required action plan. Following this meeting, the Port's Real Estate and/or Maritime division schedules a tenant meeting to inform tenant of assessment findings and advises tenant of unsafe and/or substandard conditions and required actions.

Where the tenant has repair responsibility, the Port requests tenant to prepare repair plans, obtain Port Building Permit and install necessary repairs. The Port also advises tenant that in case of failure to comply with Port's action plan, the Port may start abatement proceedings using the regulatory authority of the Port Engineering Permit Group. The abatement proceedings involve posting notices of violation and transferring the matter to the City Attorney's office for further actions. Port staff will try their best to resolve these issues by working with the tenant to avoid abatement proceedings.

Where the Port has repair responsibility, the Port notifies affected tenants of any actions that may impact leases or tenant operations.

For deficient and substandard facilities, the action plan may involve one or more of following actions by the Port and/or tenant, depending upon the lease responsibility:

(A) Immediate/Short Term Measures – Take unsafe areas out of use by installing temporary barricades; impose load restrictions by installing load limit signs; modify tenant/Port operations to comply with load restrictions.

(B) Long Term Measures - Perform detailed assessment; create capital project for demolition/repair (in case of Port's repair responsibility); obtain all required regulatory permits and approval; perform repairs or demolition.

If severe life-safety issues are identified, the Port "red tags" and closes the facility until the funding sources are identified to repair or remove the facility.

Data Management:
Assessment findings are summarized on Portwide color coded structural rating maps (Please see pages 1 through 4 in the **attachment**) for quick identification of structural condition of facilities. On these maps, each facility is given one of three structural ratings: Green (unrestricted use), Yellow (Substandard or deficient condition, restricted use), or Red (unsafe, not suitable for occupancy or use).

The FAP includes a Portwide Signage Program to assure posting of load limit and safety signs as required per recommendations in the assessments and by the San Francisco Building Code. The FAT monitors and verifies, on a quarterly basis, the continued posting of these signs at Port facilities.

To effectively manage FAP, the Port staff created an electronic database. This database assigns an inspection frequency to each facility based on the type of construction and use. The database also keeps track of inspection due dates and provides a 60-day notice of facilities requiring re-inspection to the FAT. The database is planned to be used to record post disaster assessments of all the Port facilities when needed.

Projects/Accomplishments:
In February, 2007, FAT completed the assessments of all the Port Facilities. Please refer to the color-coded maps (pages 1 through 4 in the **attachment)** for a summary of current structural ratings of all Port facilities.

Since the start of this program in 2002, the team has identified several Port facilities with maintenance and repair needs. Some of these facilities have since been repaired, while others are either under construction or scheduled for repairs in near future. Pages 5 and 6 in the attachments provide a list of repair projects initiated by FAP.

FAP findings have been extensively used in the formulation of Port's 10-year Capital Plan.

FUNDING
Port Staff have created the Pier Repair Fund in capital project fund CPO 741, specifically to fund pier repairs as identified by the FAT. The table below shows the capital allocations in the Pier Repair Fund:

Year	Funding
FY 2002-03	$ 3,000,000
FY 2003-04	$ 1,300,000
FY 2004-05	$ 1,165,000
FY 2005-06	$ 1,020,000
FY 2006-07	$ 1,352,000
Total Funding	**$ 7,837,000**

SCHEDULE

With the first cycle of inspections now complete, each facility will be inspected every 1 to 4 years, depending on the type of construction and use. The table below lists the criteria being used by FAT in scheduling facility inspections.

USE	CONDITION INSPECTION FREQUENCY		TYPE OF INSPECTION
	Wood and/or steel Construction	Concrete Construction	
Float/gangway (public or limited access)	Every year	Every year	Structural
Restaurant, fish processing - severe	Every two years	Every two years	Structural & dry rot in wood
Paved road or access way - moderate	Every two years	Every four years	Structural
Office, storage, warehouse, retail - light	Every two years	Every four years	Structural
Condemned/no use permitted	Every year	Every year	Structural

As shown in the previous table, wooden structures require more frequent inspections compared to concrete structures. Also, more severe uses such as fish processing and restaurants, require more frequent inspections. Since the current staffing level is not adequate to complete these inspections on time, the Port is using an as-needed professional engineering services contract to supplement the effort of the Port staff.

SUMMARY

The RSA reports and color-coded structural rating maps generated by FAP are valuable sources of information which allow Port staff to make critical decisions regarding asset management, including capital allocation for maintenance and repairs, and public safety. We are pleased to make this information available to the Port Commissioners and the Public.

Prepared By: Uday Prasad, Senior Civil Engineer
For: Edward Byrne, Chief Harbor Engineer

India Basin to Pier 48



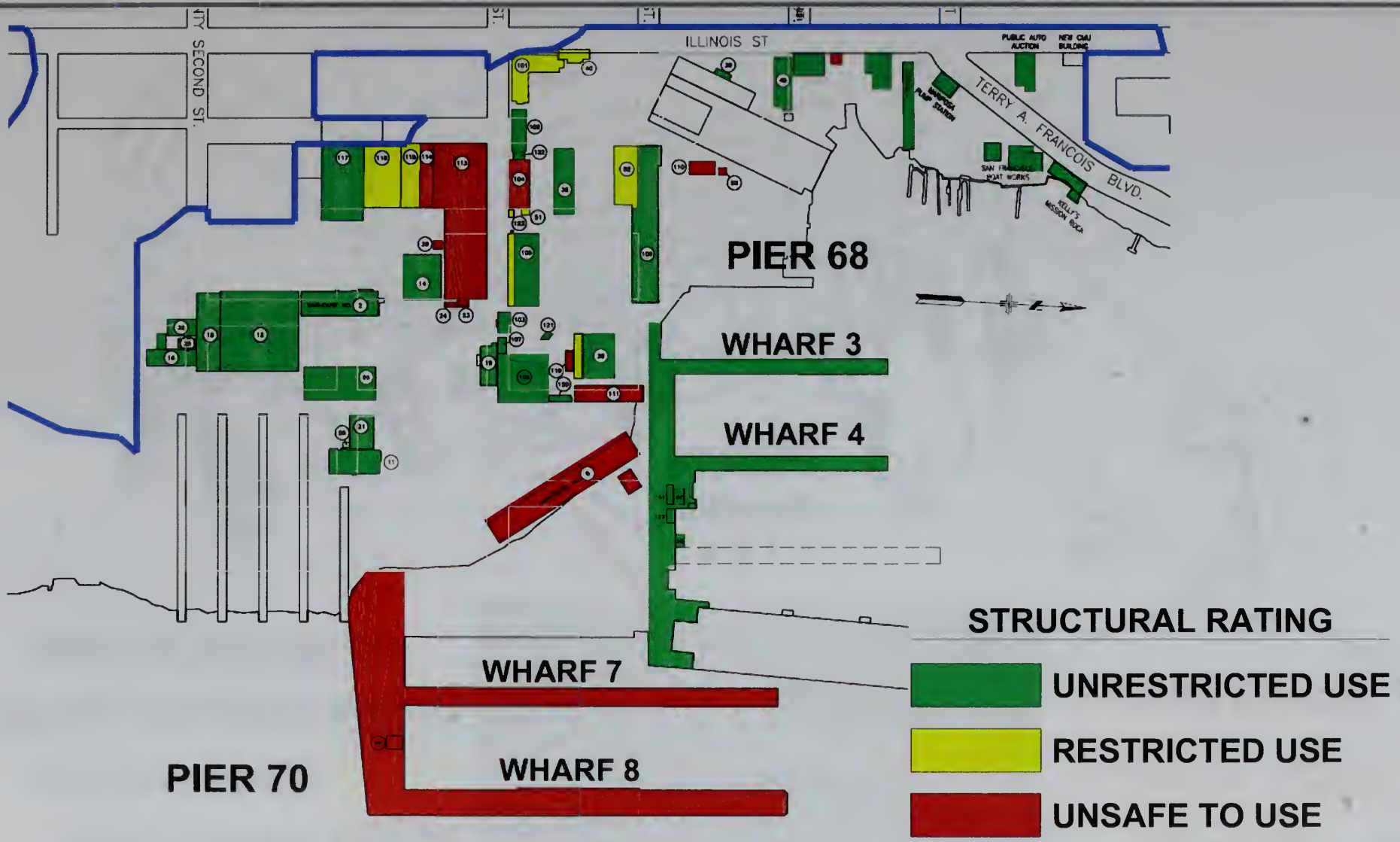
Substructure Deck, Wharf 8, Pier 70



STRUCTURAL RATING

- UNRESTRICTED USE
- RESTRICTED USE
- UNSAFE TO USE

Closeup: Pier 68, Pier 70



SBC Park to Ferry Building



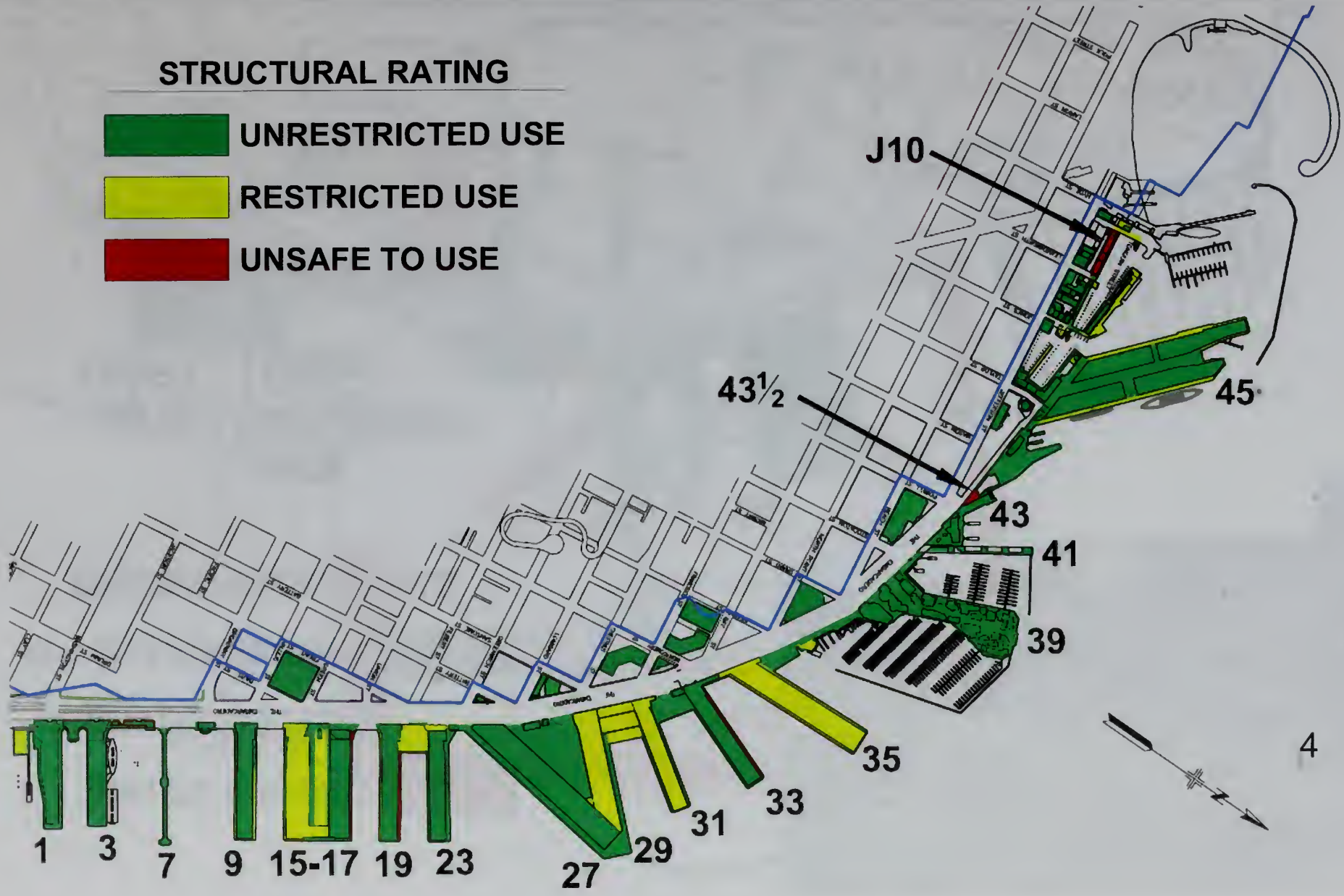


Pier 36
Closure

STRUCTURAL RATING

- UNRESTRICTED USE
- RESTRICTED USE
- UNSAFE TO USE

Pier 1 to Fisherman's Wharf



Some Major PORT Sponsored Repair Projects

COMPLETED	IN PROGRESS	FUTURE
Apron Repairs -Pier 48 South, Pier 50 Shed A, Pier 9 North (Port Responsibility Area)	**Apron Repairs** -Pier 9 Bar Pilots' lease area, Pier 45, Pier 35 West	**Apron Repairs** -Pier 9 South (mid section
China Basin Ferry Terminal Gangway Repairs	Fisherman's Wharf J-10 Demolition	Wharf J-11 Repair
Fisherman's Wharf Memorial Chapel	P43.5 Seawall Temporary Repairs	Wharves J-7 & J-8 Repair
Pier 43 Arch Improvements	Wharf J6 - Scoma Bridge Repair	Agricultural Building - East Apron Repair
P35 Bulkhead Substructure Shoring	Pier 35 Façade Repairs	Wrap piles at Pier 43
Pier 35 Gallery Roof and Column Repairs	Pier 35 Column Repair	Fuel Dock Substructure
Pier 27 South Berth Fender Installation	Pier 33 Roof Structural Repairs	
Pier ½ Substructure Repairs		

Some Major Tenant Repair Projects	
COMPLETED	**IN PROGRESS**
Pier 43.5 Franciscan Parking Lot	Repair of CAL Shellfish building at Wharf J-9
Wharves J1 and J3 Substructure Repairs	
Pier 39 Substructure Repairs	
Pier 23 Café Substructure Repairs	

SAN FRANCISCO
PORT COMMISSION

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MARCH 13, 2007
MINUTES OF THE MEETING

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MEMBERS, PORT COMMISSION

HON. ANN LAZARUS, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. RODNEY FONG
HON. MICHAEL HARDEMAN

MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE REGULAR MEETING
MARCH 13, 2007

1. CALL TO ORDER / ROLL CALL

Commissioner Ann Lazarus called the meeting to order at 2:03 p.m. The following Commissioners were present: Ann Lazarus, Kimberly Brandon, Rodney Fong and Michael Hardeman.

2. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Commissioner Lazarus deferred the announcement until the Commission reconvenes in open session.

3. APPROVAL OF MINUTES - February 27, 2007

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; the minutes of the February 27, 2007 were adopted.

4. PUBLIC COMMENT ON EXECUTIVE SESSION

5. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 2:04 p.m., the Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER.

a. Discuss existing litigation matter pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d) (1 case):

- Macor, Inc., Cornerstone Properties II S, LLC, and Walden Mission Bay I LLC v. City and County of San Francisco, Port of San Francisco, State of

California, State Lands Commission, et al.(San Francisco Superior Court, Case No. CGC07-460994)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Pier 70
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*BAE Systems: Ira Maybaum

b. Property: Pier 80
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*The Pasha Group: George Pasha

c. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*SF Piers LLC: Tom Hart and Rocky Fried

6. RECONVENE IN OPEN SESSION

At 3:15 p.m., the Port Commission reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any other information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commissioner Lazarus announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. The Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report. Acting Executive Director Tina Olson mentioned that she's filling in for Executive Director Monique Moyer while she's attending the Seatrade Conference in Miami, Florida, with Peter Dailey and Mike Nerney. She hopes that she will be able to drum up some cruise business for the Port. Ms. Olson reported the following:

- 2007 Port Security Grant from the Department of Homeland Security (DHS): Last week the Port of San Francisco submitted its application for the 2007 Port Security Grant program. This year's program differs from previous years in that DHS has combined the region's four major ports (San Francisco, Oakland, Richmond and

Stockton) and associated agencies into the "Bay Area Port Area," and set aside $11.2 million for which all of the ports may compete. It gave the Port a bit of an edge that we didn't have before. The Port of San Francisco, in consultation with the other three ports, has submitted an application for perimeter security improvements totaling $2,747,856. The Port's 25% cost share would be $686,964, while the federal portion would be $2,060,892. In addition, the Port is sponsoring an assessment for the entire region; the total funding requested is $721,000; the federal share would be $540,750, and the region would contribute the remaining 25% share of $180,250. No funding is guaranteed, and since the total dollar amount for our region's applications will exceed the total $11.2M federal funds available, our projects may receive partial funding or not be funded at all.

- Wharf J-10 Community Meeting: Port staff will hold a community meeting with Fisherman's Wharf tenants who reside within the vicinity of Wharf J-10 on March 21, 2007 (from 5:00 p.m. to 7:00 p.m. in the Bayside 1 Conference Room at Pier 1). As a continuous effort to inform tenants and the community the progress of the project, Port staff and the Contractor will discuss and explain technical submittals that pertain to the requisite mitigation measures identified in the final EIR and contract documents.

- Dedication of the Fisherman's Wharf Seaman's Memorial Chapel: As Monique Moyer mentioned at the February 13, 2007 Port Commission meeting, the Fisherman's Wharf Chapel was finally completed on February 16, 2007. The dedication of the Fisherman's Wharf Seaman's Memorial Chapel will take place on Friday, March 30, 2007 at 12 noon at Pier 45. The ceremony will be, in part, to celebrate the working fisherman and fishing trades, in addition to all of the Port trades and departments that participated in the restoration of this landmark. The event, which is sponsored by the Port of San Francisco, the Fisherman's & Seaman's Association and The Fisherman's Wharf Association, will comprise of approximately seven (7) speakers including Mayor Newsom, Monique Moyer and Supervisor Peskin. Everyone is encouraged to attend.

- Seawall Lot 337 Workshop: The Port of San Francisco is undertaking a public planning process for the 14-acre site south of China Basin Channel that is currently used for Giants and commuter parking. A subcommittee of the Port Commission is leading the process to evaluate potential land uses and development scenarios. The site is referred to as Seawall Lot (SWL) 337 and bounded by Third Street to the west, Terry Francois Boulevard to the north and east, and Mission Rock Street to the south. The workshop is scheduled on April 18, 2007 at 1 p.m. at Pier 1. For more info go to www.sfport.com.

- Water Transit Authority's Transportation Emergency Response Planning and Management Presentation and Feasibility Study of the potential renovation of the Agriculture Building, located on The Embarcadero at Mission Street

  Dan Hodapp, Planning and Development, indicated that the Water Transit Authority (WTA) will provide a briefing of their efforts to plan for expansion of the Downtown

Ferry Terminal (DFT) and the feasibility study they will be preparing for the Agriculture Building as it relates to the downtown ferry terminal. The WTA may consider using a portion of the Agricultural Building for transportation functions to support expanded ferry service. Prior to the development of the Agriculture Building or expanded ferry service, there are a number of BCDC policies, permit requirements, and planning issues that must be addressed. The first comes from a 1998 Memorandum of Understanding between the Port and BCDC, to collaboratively develop a Downtown Ferry Terminal Phase II plan. That planning process would address BCDC's jurisdiction as it relates to fill, water-oriented uses, and public access. A Phase II plan would clear the way for several major capital improvements expected for the Ferry Building area.

1. Today, the Water Transit Authority will explain their plans for additional ferry berthing.
2. BART has funding to support the seismic retrofit of the Transbay Tube which terminates at Ferry Plaza and may result in changes in the plaza.
3. Further transportation planning is needed to address how ferry passengers and vehicles move through the Ferry Building area to support the Marketplace and the mix of other activities in the area; and
4. Golden Gate ferries and the Farmer's Market need to be consulted to see how they fit into the longer range plans for the area.

Following the WTA study, the Port may move forward with the DFT Phase II study if implementation of ferry berthing or Agriculture Building renovation is desired.

Mr. Steve Castleberry, Chief Executive Officer of WTA, provided a background as to why their focus is in the Ferry Building. In most typical emergencies, as transit agencies use for planning purposes, the Golden Gate Bridge, Bay Bridge and BART are out of service. That is not to say that the Bay Bridge is going to fall down or the BART tube is going to break but what they have seen is at least in Loma Prieta, at a minimum, there's temporary closures of those facilities either for the engineers to come in and check them or in the case of BART, through power outages or for the bridges, the approaches may be blocked. The bridge might be fine but the roads approaches might be a problem. For example, a few years ago, there are mudslides on the Waldo grade that didn't close the bridge but the approach to the bridge was closed. For that reason and for their planning purpose is to have all the major access to San Francisco blocked. That's the scenario they are using for emergency planning. Their immediate response is going to focus on the Ferry Building. There are other docks in San Francisco but they are not designed as essential structures whereas the Ferry Building docks are. They think that people will naturally come to the Ferry Building. If they know they are going to catch a ferry, they might not know to go to the ballpark but everybody has in their mind, Ferry Building. Even if they want to divert passengers to Fisherman's Wharf, they may not have adequate communication facilities e.g. the power may be out so they may not be able to divert people even if they wanted to. For that reason, they think the focus is going to be on the Ferry Building. That's where they want to plan on handling the most number of people, at least in the first 8 hours of an emergency. On a typical day, as ferry providers, they take about 11,000 passengers from their homes to work and back. If all the bridges were down, that would jump to almost 500,000. They would go from being one of

the smallest transit operators in the bay to being one of the biggest in the country. It's a big shift. In addition to taking people home, they will also be tasked with going around the bay and picking up all the first responders, the police and firemen who need to come back to San Francisco to help with the emergency. They expect their boats to be full going both directions, taking people home in one direction and bringing firemen and police back in the other direction. If they got every single boat in the bay, all the publicly owned boats, the Blue & Gold boats, the Red & White boats, the demand dwarfs the capacity that they have. There's just not enough boats. It would take 20-60 hours to evacuate each corridor. Today, they are under capacity. Even of more importance to them, looking at the current docking capability at the Ferry Building, bay area wide, they have 40 boats available but the capacity is so limited at the Ferry Building that only 20 of those boats could come into service. In other words, nearly half of the fleet's capacity would have to stay tied up at the dock because they couldn't get them through the Ferry Building. There are not enough spaces. The total demand will be nearly 500,000 but the capacity at the Ferry Building is limited to a little less than 8,000 an hour. People asked about other corridors. He noted that demand in other corridors e.g. Richmond Bridge, San Mateo Bridge corridors, dwarfs what's going on at the Ferry Building. While they think those are important, their priority and their focus is the Ferry Building. In addition to carrying people away from the Ferry Building, they know that the building itself and approaching the building will be flooded with people. There will be a lot of people converging on the Ferry Building.

He focused on the Ferry Building and improvements in and around that location. He showed an aerial photo of the Ferry Building. Depicted in the map are the additional docks that the Port has been carrying in their planning process as well as theirs. They've always known that the docks will be needed but they thought they can be phased in over a long period of time. From an emergency standpoint, the need is more immediate. The addition of those docks would allow them to bring more of the boats they have available into service. It significantly increases the capacity for evacuation from 8,000 an hour to 19,000 an hour. It's a big and important improvement. To increase the capacity in the Bay Bridge corridor, they have to add docks on the Oakland side. Obviously, everybody that they will be taking out of San Francisco, they have to find a spot for them in Oakland. There is an accompanying project. The new docks will help them spread the passengers out over a longer area along the waterfront. If 500,000 people were to come to the Ferry Building, there won't be enough space. They want to stretch them out as far as they can along the waterfront. This gives the Port Commission some idea about why they think the Ferry Building project is so important. He also talked about some infrastructure issues related to ferries and emergency response. They think the next key investment is fueling facilities. Currently, there are three fueling facilities for ferries in and around the bay. The existing capacity isn't enough for prolonged emergency response. The fuel tank in San Francisco, there's only about two days worth of fuel. Larkspur has bigger tanks but it's a 45-minute trip away from San Francisco. Vallejo has a day's worth of fuel. In a prolonged recovery, they think this is the next investment after the Ferry Building. They are working with Vallejo to expand their capacity and also looking for another location either in San Francisco or the East Bay where they can fuel ferry boats. At that point, once they get all those improvements made, that's when they can start looking at the capacity that they would get from

new terminals and new boats. WTA's plan includes 8 new terminals throughout the bay. Most of those have at least a partial commitment of operating funds so they are routes they could run during regular times and would be available during emergencies. With the addition of those routes and the Ferry Building improvements, they can get their capacity up to about 37,000 people per hour which is almost 4 times greater than what they currently have. They think it's a fairly logical set of improvements that will significantly expand their emergency response by five times. Next steps: they will begin work on the Ag Building project that Dan Hodapp mentioned. They need to investigate additional docking facility in Oakland and deal with fueling. The Ag Building is pretty close to where they want to add the docks. They think they are close enough together that the two projects may affect each other. They are not sure they can build the docks without affecting the Ag Building. That's the reason for the focus, initially, on the Ag Building. His intention was to give a broad overview of the project. He noted that it's particularly important that they are spending a lot of money, over a lot time in Sacramento arguing that this is one of the most important investments that the State can make out of the infrastructure bond for emergency response, at least as it relates to ferries. He wanted to make sure that the Port Commission is aware that they are spending some time advocating for improvements for Port facilities.

- Fisherman's Wharf Community Benefit District (FWCBD) Planning Proposal: Dan Hodapp, Planning and Development, indicated that in April 2005, private property owners in the Fisherman's Wharf area voted to form the Fisherman's Wharf CBD. Last December, the Portside district was also formed. Today, the district's executive director will provide an update on the many accomplishments thus far including a two-day public visioning workshop held in November 2006. They will also inform the Commission about how Port staff will be working with other city departments to address zoning, circulation, and many other issues in the Fisherman's Wharf area to ensure the long-term vitality of that area. He introduced Karen Bell, the CBD Executive Director.

  Karen Bell indicated that FWCBD comprised of two areas that Mr. Hodapp mentioned. There is a 22 block area that entails the area from Van Ness to Grant Street to Jefferson up to some areas at Bay Street. There is a newly formed Portside CBD that goes all the way from Pier 39 up to Hyde Street. They have about 226 members, a budget of about $800,000 and their primary functions correlate to be the same with one big exception. The Portside CBD does not have any cleaning or graffiti abatement associated with it. Those functions are carried through Port personnel. Even though they have $800,000, they still need money because they want to do big things in FW. They hired a grant funding company to assess what they need to do for the areas that they have determined to seek funding for. Circulation in the FW area is difficult to get through during peak times. They want to increase availability for pedestrians and cyclists to move about in the community. They want to get people out of their cars and into their parking lots and onto the ground in the community. They want to get tools to add security for their merchants and visitors. They want to be prepared. They also need to have money to have the kind of events they want to have at the wharf to keep the crowds coming. They get over 14 million visitors a year in FW. They don't have anything outstanding besides their legend to bring them out here. They want to create some events. They hired a

sponsorship company to help them bring in big corporate sponsors to place their name to their events. They've also done a three-way survey to talk to the visitors at FW to find out what motivates them to come, what attracts people in staying so long and how they could better improve their area to bring them back to FW. An average visitor in the summer time has been there 20 times. They know that locals come down and bring their visitors with them to the wharf. This survey enabled them to develop a new logo and a brand strategy identity for marketing the wharf. Over 50% of their budget will be used to market the wharf. The CBD will market the wharf as one of the top destinations in the U.S. utilizing advertising in print, electronic, radio and television mediums. The CBD will be the producer and financer of events in the wharf. The CBD will finance the creation of a new transactional destination website for the wharf rich in content with transaction elements to secure sales for the merchants at Fisherman's Wharf. They will try to work together with ISCOTT and the Port to see if they can institute events in the streets. They have also integrated a transaction report where they can sell things in the wharf. This is a new brand they've developed. They will create events to bring local residents. They want to seek the engagement of the merchants. They want to bring in new revenue streams for their merchants to keep them healthy and keep them going and create an on-going media campaign for them all year long. They are looking at bringing all kinds of musical event themes and bring in an old-fashion crab festival to the wharf. They want to make the wharf pretty. They want to decorate it with pretty banners for people to see as they come down the Embarcadero and make people want to come in to the wharf. They want to get people out of their cars. They will put up signage to direct them to the parking lots so they can get maximum utilization of the parking lots. Last week, they have 55 signs to direct drivers and visitors to the various parking lots at the wharf. They are working with Dan Hodapp to give visitors information they need when visiting the wharf. They want to extend the signage that is on the Embarcadero and throughout the City into the wharf. They will work with the Port to compliment signage on the landside of the CBD that will be on the FW portside. They want to make the wharf welcoming. One thing the wharf does not have is a brand identity that tells people they've arrived. They will be working to get archway signs and welcome the visitors to the community. In November 2006, they held a two-day charrettes with the community members to discuss the needs for improving, planning and upgrading the look and design of FW. They worked with EDAW and community members, public and private, to identify the important issues that needed to be addressed. After the two day seminar, they came up with a wrap-up report which they provided to the Commission. They have to get something done. They can't spend the next 20 years working on these various layers of improvements. They prioritize the issues such as circulation, improving zoning and parking. They have to improve those areas so they can keep the 14+ million visitors to keep coming to the FW. They met with Supervisor Peskin and Dean Macris, Planning Director, to discuss how they can help CBD to improve the area. They brought the issues to the working group of City Directors. They have taken them under their wings to push them forward and to work together with EDAW for a scope of work to determine exactly what they need, how they're going to get it done and what funding they need. She introduced Steve Hanson from EDAW to discuss the areas they identified for immediate need for improvement and what can be done. Steve Hanson, EDAW, recapped the two-day workshop that Ms. Bell mentioned. The workshop was well attended by over 100 people. There was good representation

from the Port, the Mayor's office, the Planning Department, BCDC, Bike Coalition, Supervisor Peskin and others. They broke the two-day workshop into four topic areas. The first day was access and circulation and open space and streets. The second day was retail, entertainment and tourism and development potentials. Underpinning all of these was a very firm and strong desire to preserve and enhance the cultural heritage of what is already so special about FW. For example, at the beginning of the access and circulation workshop, the first thing they talked about was the Water Plan - how they enhance connections to and from the water. Additional issues about access and circulation in the essence of preserving the cultural heritage, everything is focused around the existing fishing industry and preserving that industry. Need for better signage and gateways. Much heard issues about congestion, not only cars but pedestrians even say that the sidewalks are congested. A lot of that focuses on Jefferson Street. Some of the priorities, way finding, clearing Jefferson, creating a holistic approach to parking so that people know where to go for parking and they don't get stuck clogging Jefferson Street. Bicycles – the focus is on Jefferson and closing that gap in the bike system. Pedestrians and creating more space for pedestrians. The second session was on open space and streetscapes. There was an acknowledgement that there are two very strong open space anchors at either end of FW but a very strong desire to create an important open space at the heart of FW, in the center of the district and also to enhance the quality of the sidewalk that connect all of the open space network which is poor. The priorities were very simple from open space: create anchor open spaces, streets as living rooms. They are trying to create Jefferson Street as a living space for pedestrians and bikes. Gateways, connections and marketing the district so people know when they are in the district and underpinning it all is safety and authenticity. Day 2 was focused on retail and entertainment. They started by looking at the simple retail rule which is a 5-minute walk. A typical successful retail street is not longer than a 5-minute walk. The sheer scale of FW is an issue. It's perhaps not one district. Out of the workshop, they started thinking about how character districts might emerge within the overall FW district that have their own special identities. For development, they explored various development opportunities, identified the need to create strong urban design guidelines for the whole district, focusing on authenticity, especially around the fishing harbor. The workshop was very interactive. They developed a sketch model so that everyone in attendance had a chance to explore their ideas and see those in physical and three dimensional forms and explore ideas about enhancing the character of the district. Finally, the priorities from the entire workshop, strangely enough one thing missing is Jefferson Street, even though it was the focus, all the issues were magnified there and the opportunities are also great. They were asked to look at some ways to envision what Jefferson might become. He showed a typical plan anywhere on Jefferson, nothing specific, from building to building to create a pedestrian-first priority space. The priority they established for these studies was pedestrians first, bikes second then cars then parking. In this case, they are proposing the addition of bike lane, the traffic is still moving west. One lane of designated auto and a shared lane. By establishing a flexible lane, north of the existing sidewalk, you can expand sidewalk uses, sidewalk cafes. You can use that space for service and access and loading in the morning. There is one lane of traffic that remains plus the addition of a bike lane. They are trying to create a space that is pedestrian first where when the car enters into the space, they are entering something special and different. The priority is on

people, bikes, shopping, eating. They looked at different scenarios that they know are not new ideas. One looks at reversing the direction of the traffic, creating a loop system so that Jefferson is now moving east, two bike lanes so traffic bikes move with the direction of traffic and the idea of a flexible service and expansion of sidewalk uses. Finally, as long as they are looking at redoing the whole three, they explored a little more radical and moved the rail lines. This option looks at moving the F-line tracks inward into the street which lets people share that lane with cars so there are two lanes of cars but still no parking, the expanded sidewalk with the shared service and a two-lane bike path on the north side of Jefferson Street. It's a broad pedestrian zone focusing on pedestrians as first priority. They know that to create means they have to take a comprehensive look at traffic and parking in the whole district and the resolution of those issues has to precede this but they think it's pretty clear that it's worth exploring it. CBD has the energy and the momentum to make things happen.

Karen Bell indicated that the next step in making this project come to fruition is to find funding. They will be working with the City to find large grants make this become an actuality. They think that this is something that can happen in the foreseeable future, working with the City and the directors and Dean Macris. They think they can make a big impact for FW. FW is the second largest retail based in the City. They have to keep the area up, to keep money coming in and keep the City healthy. Making FW work will make it work for the City.

Commissioner Hardeman commented about the idea of moving the streetcar tracks. They were just finished with the project. He thanked them for the wonderful report.

8. CONSENT

A. Request approval of Second Amendment to Lease No. L-12606 with the California Foundation on the Environment and the Economy (CFEE) to reduce its premises from Pier 35, Suites 200 and 202 to Pier 35, Suite 202, on a month-to-month basis. (Resolution No. 07-19)

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 07-19 was adopted.

B. Request for ratification and approval of the Port Commission's adoption of Resolution No. 07-14 on February 27, 2007 approving the Fourth Amendment to the Amended and Restated Exclusive Negotiation Agreement with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project, extending the term and amending the benchmarks and other provisions of the agreement, and all action by the Port in connection therewith (Site Location: Piers 27-31 on The Embarcadero, between Francisco and Battery Streets) (Resolution No. 07-20)

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. Three of the Commissioners were in favor; Commissioner Lazarus recused to vote on this item. Resolution No. 07-20 was adopted.

9. REAL ESTATE

A. Request approval to amend the current policy, including related rental rates, and authorize implementation as of April 1, 2007 of the Airspace Portion of the Port's Sidewalk, Airspace, and Curbspace Encroachment Policy No. 06-48 adopted June 2006. (Resolution No. 07-21)

Claudia Davison, Property Manager, indicated that staff presented this item to the Commission in January and June 2006. At that time, it was pointed out that licensing the sidewalk and airspace uses was a new product category for the Port. In subsequent months, staff learned that there was nothing to compare with this situation so we could not emulate anything else to develop this policy or the pricing structure. Staff did the best it could with what was available at the time. At the 11th hour, prior to implementation of the program, staff learned that there were five or six large signs for which the monthly rental rate of $30 per cubic foot rate would have resulted in a large monthly fee even without having any caps to estimate their value. For that reason, the Commission delayed implementation of the airspace portion of the program, pending further discussion with Port staff, members of the community and the community business district.

Today's presentation is a result of those meetings. The airspace use policy applies to signs and airspace uses that are attached to adjacent buildings in the air over the Port sidewalk. They must be insured, ADA compliant, offset the Port's maintenance expenses in the area and reduce the volume of signage in the wharf particularly Jefferson Street. Occasionally, through this discussion in the documentation, there's an interchangeable use of the words encroachments signs and uses but staff is talking about airspace uses. The permit authorizes an act that pertains to sidewalk displays. Those who continue to be permits, these documents are a non-exclusive use of property and a license will be the document used for these uses. Frequently, in the retail industry and already in place in the Port is a ratio of square footage of signs to building frontage of 1:1. What's often found at the wharf is a ratio of 6:1. The issues with the old airspace program included the fact that a lot of them had to be done that had a lot of administrative time commitment involved. The merchants had to measure their own signs and they don't all have very tall ladders. The amendments would be required every time a sign had to be changed and the permits were transferable. Many merchants did not budget any expenditure associated with the use of the Port's property. There were two key changes that were implemented. In the interim, Susan Reynolds, Deputy Director of Real Estate and Katharine Arrow, Senior Property Manager, joined the Port Real Estate team. They brought a new level of analysis to the problem. While retaining the existing goals and initial goals of the program, they were able to add a nuance that recognized the volume of signage as a proportion of each particular building instead of just being priced on the signage itself. They also were able to expedite implementation by transferring that volume to the adjacent landowner rather than each adjacent business. The benefits of the new program are that we would need to do fewer licenses, very easy to adjust when the property owner adds or subtracts signage within their zone. The Port will send its engineering staff in to measure the existing airspace uses. That will not be necessary in the future because they will all have permits with illustrations. There is a fee waiver for property owners who submit a complete application by April 30, 2007. The property owners can sublicense their license airspace use assuming they are using the Port's airspace or sidewalk. They don't have to. They can pass through the cost proportionately to the tenants who are making use of that space.

This new license is independent of their existing leases. Many of them have pass through and alike but that's for their property. This is a new license for Port property. The property owner can add and subtract signage and their document and their fee do not need to change if they stay within their tier in the permanent program. It is easy to amend if they change the tier. It also reinforces the Port's and CBD's long-term goals to generally downsize some of the signs in the area. The original fee for $30.00 per cubic foot per month for large signs is shown in Exhibit A of the staff report. The new fee schedule in Exhibit B as an interim rate for the transition period wherein which we measure the signs and alike and it has a permanent fee schedule which some owners will probably qualify for immediately and wish to because it is a lower rate than the interim schedule and it is for signage that is less than 2.5:1. The examples to the fee schedule are on page 4 of the staff report. The next steps are that the Port Commission will adopt a resolution. Port staff will continue to work with CBD and community members to have workshops to explain and implement the program. Port engineering will continue their measurements of existing airspace uses. There will be a new application distributed to property owners. Property owners should complete and return the application by April 30, 2007. She recognized the contributions of the Port surveyor Alan Nevling for documenting the sidewalk and airspace uses. It's been quite a task. Katharine Arrow is the new Senior Property Manager and she brought the tiered schedule to life. She thanked the Commissioners for going through this item a number of times.

Commissioner Hardeman asked how many signs are there in tier 5. Ms. Davison replied that it would be hard to figure out because it's a ratio of the sign to the building. One of the big signs that we've been looking at is on a big building. She does not want to do an amateurish job of trying to guess that. There are some big buildings that have small and minimal signage. It's hard to tell until they're accurately measured.

Commissioner Lazarus asked for a report back when the information comes in. Ms. Davison replied that it will take about 3 months because there are a lot of measuring to do.

On behalf of the Community Benefit District, Karen Bell thanked Port staff – Katharine Arrow, Claudia Davison and Susan Reynolds – for personally working with them to come up with a program that is both meaningful and affordable for the district members. She also thanked the Commissioners for giving them the 60-day delay.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. Three of the Commissioners were in favor; Commissioner Fong recused himself from voting on this item. Resolution No. 07-21 was adopted.

B. Request approval of CEQA Findings for Trans Bay Cable, LLC ("TBC") to install an electricity transmission line in San Francisco Bay and 23rd Street. (Resolution No. 07-22)

Carol Bach, Environmental and Regulatory Affairs Manager, indicated that the CEQA process and the nature of the findings were described as an informational presentation at the last Port Commission meeting. The text of the mitigation measures and the mitigation measures monitoring and reporting program are attachments to the staff report. To summarize the CEQA process for which the City of Pittsburg was the lead agency and the

City of San Francisco is a responsible agency resulted in recommendation of 49 mitigation measures applicable to elements of the project that are within San Francisco's jurisdiction. The conclusion was that with implementation of the recommended mitigation measures the project would result in no significant environmental impacts. Before approving issuance of a major encroachment permit and license for Trans Bay Cable, the Port Commission must adopt the CEQA findings related to its approval of the project and a mitigation measures monitoring and reporting program. The findings proposed for Commission adoption are only those related to elements of the project within the Port's jurisdiction. Based on our participation in the CEQA process and review of the resultant findings, staff recommends that the Commission adopt the CEQA findings and mitigation measures monitoring and reporting program.

Commissioner Brandon asked for a brief presentation on the mitigation measures. Ms. Bach indicated that there are 14 mitigation measures that are directly related to the Port's approval of the license. 33 mitigation measures that are under the joint jurisdiction of the Port and the Department of Building Inspection and two mitigation measures that are under the joint jurisdiction of the Port and the Department of Parking and Traffic. The project proponents, Trans Bay Cable, will be implementing most of the mitigation measures and the Port's primary responsibility is to oversee and enforce that implementation. Trans Bay Cable has committed to hiring a third party entity to staff that function overseeing the implementation of the mitigation measures and report back to Port staff. Commissioner Brandon indicated that Ms. Bach already mentioned what she wanted to hear i.e. a third party has been hired and someone will be monitoring the mitigation measures.

Mark Klaiman, owner and operator of a small certified green, small business in the Bayview Hunter's Point community, spoke against the Trans Bay Cable for four different reasons. First, it is not needed. The TBC is an insurance policy. San Francisco has sufficient power now and for the foreseeable future. This project does not address electric needs. It addresses a potential gap and surplus power needs should other sources of electricity fail in the future. TBC is not about supplying power to San Francisco. It is a $300 million insurance policy. Second, the TBC is not in accord with the City's Electric Resource Plan. The City's stated objective is to encourage alternative energy and reduce demand. The Mayor has repeatedly called for the greening of San Francisco. Small businesses like his and many others have heard these calls and have taken the necessary steps. If the City's electric resource plan were implemented, the need for this very expensive insurance policy would be lessen even further. If money like this is to be spent, it should be spent on implementing the City's Resource Electric Plan rather than buying this expensive insurance policy. Third, even if this is not the most efficient way to increase reliability, even if we view this as an insurance policy to provide redundant electric supply, this is not the best option for San Francisco. Assuming that redundant power is needed to increase reliability of electric supply system, one large scale project is the least efficient way to increase reliability. Self-reliance on smaller, locally situated production is the best way to increase reliability. If reliable back-up is the goal, this project, according to the proverb, is asking San Francisco to place all its eggs in one basket rather than distributing the back-up system over smaller back-up options spread out throughout the City. Lastly, this project is not cost effective. The projected cost of this project is in excess of $300 million. This

project cost will be borne by the rate payers even if no electricity ever flows through the cable. Building something that is not necessary now, may never be necessary in the future and then forcing rate payers to pay for it today is not cost effective.

Steven Moss, San Francisco Community Power and resident of Potrero, indicated that he has sent some letters to the Commission regarding this project. San Francisco Power commented on the CEQA process and read the CEQA review. Although the City's voice has been somewhat muffled on this project, Trans Bay and the City of Pittsburg blew off the City of San Francisco's CEQA process. They didn't respond to any of them. They responded strongly to one which is that they move the positioning of the terminus of the cable in San Francisco. They said that there was no issue related to most of the dozens of other comments that were submitted by interveners such as his group and by the City & County of San Francisco. He wished that there was a City person who would stand up and acknowledge that publicly. They have acknowledged it to him privately. He asked why the CEQA document does not address San Francisco's underlying laws and ordinances. Why isn't it contained in the CEQA document? That was blown off. He does not think that the moment should pass with people thinking that a good job was done with CEQA on this issue.

Jim K. Johansen, Piledriver Local #34, requested the Commission to approve this project on behalf of their membership and Local 34. They have a lot of members who work in the bay area and live in San Francisco. They see the benefits that this project brings to the City. He did not know that there was any opposition to this project. He hopes that it can iron out.

Michael Thierault, SF Building Trades, indicated that he has already stated his support for this project at the last meeting. He reiterated that this is true that it contributes to the reliability of power supply in San Francisco especially compared to the current situation when we are reliant on an aging gas fired plant, Potrero Point and a single transmission corridor up the peninsula. He understands the objections of those who argue on behalf of locally produced alternative power. He believes that power is condition sensitive. It depends on tide, sun, and wind; none of which conditions are always present so that a constant supply of power from other sources is still necessary. He believes that they are not mutually exclusive that in the short term, this provides for the reliability we seek and gives time for other methods of power supply to be developed. The developer has come to them and was very straightforward in their dealings with them and intends to use wages and conditions that would support a life in San Francisco.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 07-22 was adopted.

C. Request approval of resolution approving: (1) Port Commission License No. 14324, a non-exclusive license for the use of property consisting of approximately 9.4 miles of submerged lands, a small portion of shoreline along 23rd Street, and a portion of 23rd Street to install a 400 MW high voltage transmission line, with a term of four years and consideration including license payments to the Port in excess of $1.26 million and

payments to the San Francisco Public Utilities Commission equaling $3.5 million; and (2) Port Commission License No. 14325, a non-exclusive license for use of the property for operation of the transmission line with a term of twenty-five years with several renewal options and consideration including license payments to the Port in excess of $1.2 million dollars annually, public benefit payments to Port and to City in excess of $25 million between Trans Bay Cable LLC and the City and County of San Francisco acting by and through the San Francisco Port Commission and the Mayor's Office of Economic and Workforce Development. (Resolution No. 07-23)

Brad Benson, Special Projects Manager, thanked the Commission for all the attention they've given to this project over the past couple of months. It's a very complicated project. It's been a team effort. He thanked Carol Bach. She has been amazing working with Marlena Byrne on the CEQA issues. We have a new expert at the Port on CEQA issues. The City Attorney team who helped the Port included Theresa Mueller who works on energy issues for the City Attorney's office, Grace Park, Rona Sandler. Of all the City attorneys who worked on this project, Grace has been phenomenal. She put in so many hours on this negotiation and in the drafting of the proposed documents and license agreements. The Port and the City Attorney are lucky to have her. There are representatives from Trans Bay in the audience – David Parquet, Sam Wehn. Representatives from the City of Pittsburg and from PUC – Barbara Hale. He indicated that staff provided the Commission an informational presentation on December 12, 2006 and February 27, 2007. This project is a proposed 53-mile direct current transmission line from the City of Pittsburg to the City of San Francisco. There will be converter stations both in Pittsburg next to the PG&E substation in Pittsburg and next to the Potrero substation on private property near the substation. It's proposed to be constructed in 2007 for approximately 3+ year construction period and operational in 2010. It's a joint project of Trans Bay Cable LLC and the City of Pittsburg. When the project becomes operational, the plan is for TBC to sell the project to the City of Pittsburg for $1 and the City of Pittsburg will operate the facility. The Port consulted extensively with the Mayor's Office of Economic and Workforce Development and the SF Public Utilities Commission during this negotiation. This is obviously not a typical Port license agreement. It has broader City energy policy implications. We looked at the City energy policies in trying to craft the public benefits portion of this proposal. The main policies as alluded to by another speaker, SF Master Plan has an energy element. The city has adopted, with Supervisor Maxwell's leadership, the SF Electricity Resource Plan in 2002. The city also has the San Francisco Climate Plan. We have looked at the number of opportunities that there are to do these types of transmission upgrades particularly submarine cable transmission upgrade. Land use is getting very competitive for these types of industrial uses. This location near this Potrero substation is one of the last few locations where an upgrade like this could be made with a DC converter station attached to it. We do view in City energy efficiency load management and renewable energy those distributed technologies that were talked about before as preferred alternatives to fossil generation. We've concluded that these approaches are the best way of extending the life of the transbay improvement if it's built. If the city is going to agree to have this project built, it's going to last for a long time. The best way to make that happen is through investment and renewable energy/energy efficiency and load management. All of those policies led the Port to negotiate a public benefits package focused on the Port's role as tidelands trustee under the Burton Act to support our efforts to preserve and maintain open space consistent with the Waterfront Plan and the Design and Access Element and

to implement those city energy policies. We conducted by agreement with the TransBay proponents, an appraisal using the methodology that we learned State Lands had used for the portion of the route under its jurisdiction. That appraisal methodology looks at uplands, industrial land values along the route of the cable, discounts by 50% to come with a value of submerged lands and has a 9% rate of return attached to it. Based on that appraisal methodology, Carnegie Blum and Partners came up with a concluded annual license fee of $1,237,000, the basis for both the construction rent and the subsequent operational period rent. There are two license agreements: construction period license with a maximum term of four years and a second consecutive operational period license with a term of 25 years and options to renew. The license area is divided into two parts: a submerged portion of approximately 9.4 miles from the SF County line out in the bay to the area immediately south of 23rd Street, an 11-foot wide easement area along that route, totaling approximately 546,000 square feet. Parcel B is a small strip of Port property on land of 301 linear feet that the cable will be running through on its route to the converter station in SF. The use and permitted activities are construction of the facilities. in the first license period and testing and then during the operation period, running the facility, maintaining it, replacing portions of it as necessary. The license fee in the construction fee license is at 25% of the initial indicated value that the appraisal came up with which is consistent with State Lands and other jurisdictions that approved the cable route. It starts at $307,500 and escalates to $326,000 in year four. The operation period license sees a steep jump to $1.3 million. There is a 2% annual inflation cost of living increase to the license fees and years 6 and 16 of the operation period license, there is going to be a reappraisal using the same appraisal methodology as described earlier. There will be a variety of environmental financial assurances, letter of credit up to $6 million both during the construction period and the operation period to protect the Port if there are toxic materials that are identified during construction. There is also environmental oversight deposit of $10,000 so if there is some sort of violation of the environmental law or regulation that results in an order by a regulatory agency, Port staff time can be reimbursed through that cash deposit.

Payments that flow to the Port and the City under the proposed agreement: The Port will receive, starting during the operation period license, $550,000 a year for a total of 10 years totaling $5.5 million to fund maintenance of open space from Pier 70 south and fund renewable energy and energy efficiency projects anywhere on Port property. There would be to the SFPUC a total of 36 payments from 30 days from the close of construction financing of each equaling $97,000 approximately totaling $3.5 million to implement events, promote or enhance policies or projects consistent with City energy policies. There will be a $2 million annual payment to the SF PUC starting with the operation license subject to CPI increases for a period of ten years to implement the SF Electricity Reliability Resource Plan. The project is subject to a variety of taxes. It will be subject for the Port's license area, the possessory interest tax. We don't have a projection of what that would yield on an annual basis to the city's general fund. The converter station which would be constructed on private property would be subject to property tax. Based on an estimated construction cost of $70 to $80 million, the annual property tax payments that the City would expect to collect would be somewhere in the range of $570,000 to $650,000 a year. Additionally, there are portions of the project that during construction, in particular, that are subject to sales and use tax. We've negotiated a provision of the agreement that to the extent provided by law, those portions of the converter station in SF would use SF as a point of sale. We don't know what that sales

and use tax projected receipts might be. Trans Bay has received its FERC rate approvals. It's a healthy rate based financing package. Rate payers throughout the CA ISO controller greater area are going to be paying for this project. There is a 13.5% return, after tax, on equity assuming about a 50% equity contribution and a 50% debt ratio. That translates to rate payer impacts of approximately $.22 per month for an average residential rate payer, scaling down to $.11 per month in year 30. That information was supplied by Trans Bay Cable. According to TBC, the rate impact is similar to some recent projects that had been approved for the southern part of the State. Port staff feels that we don't have the in-house expertise to make a recommendation about the ramifications of this project in terms of the City's broader energy policies. We think that the Board of Supervisors is a better venue to debate that issue. Secondly, there are technical amendments proposed to the resolution. The last line of the whereas clause on Page 12 should read license to the SFPUC. This was discussed with the Mayor's Office of Economic and Workforce Development and Susan Leal, General Manager of SFPUC. There is a desire that PUC be able to bond potentially off this revenue stream. We want to make it clear that it would go to SFPUC. On page 14 in the resolved clause, these are very complicated agreements and we suspect that we are going to find technical issues that are going to have to be massaged after this consideration by the Port Commission. We want to make sure there is flexibility to do that in the best interest of the Port and the City. In line 4 of the resolved clause that starts with, the City Attorney determines that are in the best interest of the Port, staff suggests it says, best interest of the Port and the City.

Mr. Benson indicated that Commissioner Brandon has been a great help in this negotiation process. She paid special attention to this project and its impacts on the neighborhood. He thanked her for her interest.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion.

Steven Moss, SF Power, indicated that it's not strange to him to be the sole opposition to this project. He has been in his non-profit organization all along. He thinks they can get some credit even though the Port Commission passes this today for raising awareness about it and also raising the potential mitigation amounts. He has appeared as an expert witness on energy policy matters before the California PUC and before the CA Energy Commission. He is qualified to speak about this project. He can confirm what his colleague said who works at Pet Camp, which has one of the largest, privately financed solar installations in the city. He can say that the project is not needed and it's contrary to Save the City's Energy Policy. In fact, the data that he provided to the Commission was confirmed at a public meeting at the Potrero Power Plant Task Force by a city consultant. There doesn't seem to be a disagreement that the project isn't needed but there seems to be a larger economic interest in the project being approved. Under the most recent forecast available, we are looking at 9 MW gap under the most stringent reliability conditions six years from now. His non-profit business is located across the street from where this project will be located and is looking to get 10 MW of load by 2008. Contrary to what Mr. Benson said, the load they are getting, load shifting, demand response can be analytically treated the same as this transmission project. It's no different. It provides the same reliability coverage of the transmission project sooner at a much lower cost. If the City actually implemented its energy plan which it seems to be doing, which it looks like they are going to start implementing the $100 million worth of solar soon, we won't need

this project until after 2020. Even under the reliability standards of the CAISO is trying to adopt, there is a .0002% chance that the project would be needed under their reliability convictions. The chance that there will be a distribution outage is .028%. In other words, there would be a hundred times more likely of having a distribution outage in this room that we could solve for pennies than we have for a transmission outage that the kind that State is urging us to take on that will be solved for upwards of $400 million. Brad Benson should be commended. He has negotiated a pretty decent package so far. It's better than nothing and it provides some mitigation and funds towards good things. It's a good start. It is the tail on the dog after the decision is about the project not about the mitigation package and we'll pay for the mitigation package. The rate payers will pay for the package. It's not Babcock and Brown or the City of Pittsburg are going to pay for it. It comes out of PG&E utility rates. We are stealing from ourselves. There is no rush here. He's sure the Commission will take a vote today. He'll look carefully at the resolution. If the Port does not have expertise to talk about energy policies, then don't talk about it in the resolution.

Joe Boss indicated that one thing he can't see very clear in the resolution is the ability should a site on the Mirant property become available. He thinks that within the resolution, it would be good to make it clear at this point that they could either go to the property on the south or the property on the north. This will continue to be discussed for some time. He understands that when preparing a contract, you have to have site control but when you're doing a resolution, you could probably insert something that would allow them to go to the Mirant site from 23rd Street, in other words, going north rather than turning south without having to come back to the Commission. Regarding the community outreach, he thanked Commissioner Brandon for what she has done. To be quite honest, today, he heard from Tony Kelly who's heading up the community planning that he finally got some positive feedback from the group that's representing Babcock and Brown, nothing definitive, nothing in writing. He encouraged the Commission to encourage them not to do lip service but to engage the community in the planning process for the central waterfront.

In response to Joe Boss' comments, Brad Benson indicated that he does not believe that either resolution refers to which of the site should be used for the SF Converter station. The resolution approving the CEQA findings referred back to the original final environmental impact report which has a number of alternatives in that report. If Mirant were to agree to lease property to TBC between now and the Board approval, that could become the location for the converter station site. We've heard that they're not amenable to such a lease. The Commission received a letter from the Power Plant Task Force which is an official City Task Force expressing concern about the speed with which the project is being considered by the City and asking the City to further analyze the project from a number of perspective.

Commissioner Lazarus asked about the next steps, assuming the Commission will approve this project today. Mr. Benson replied that we've lodged the documents at the Board of Supervisors. There's a 30-day period for review of major City policy and this sits within that category. The budget analyst will review the work that the Board has put together to determine whether or not there is a fiscal impact and whether they would write a report on it. The Board will schedule a hearing of the license agreement at its Finance Committee some time early April before the full Board would consider the item. There

are a couple of other ministerial approvals. The project proponent has applied for a major encroachment permit along portions of 23rd Street that DPW is processing. There is going to be a director's hearing this month on that application. As part of that application, there is a general plan referral, consistency referral, so the Planning Department will be reviewing the project in the context of that encroachment permit application and approval of that requires approval of the board as well. Those are the forthcoming considerations by the City.

Commissioner Fong asked if the Commission will be provided a follow-up report regarding the recommendations from those hearings. Mr. Benson replied that staff will keep the Commission apprised.

Larry Tobias, CA ISO, indicated that when we are talking about the probability of different events, publicly available data on their website would show that Potrero 3 was out for a little over a month, between October and November 2006. During that time (6 days) CT was out as well. That occurred again in January 2007. We are at a point that if we had lost a transmission circuit because there was maintenance going on at a critical substation in the City, that we would have to drop load. One thing he is reluctant to say right now because normally they don't speak of what is actually going on and what's planned but as we are right now, PG&E Jefferson Martin 230 KV Cable has been out for a couple of weeks. If we look at the probabilities of things, it would say, brand new transmission line underground cable should be there but it's not, it's out. PG&E had difficulties or unforeseen when they built it such that along a great deal of a length of it, they have to conduct maintenance where the cable is spliced as they go from section to section. This cable is going to be out for about 2-3 months. Overhead transmission line for instance, you could lose it now and by dinner time, within an hour or so, you would expect it to be back in. A lot of those occur that way, if not faster. At the very most, overhead transmission line could be out now and back in by the early part in the evening, not underground cable. On top of that, Potrero Unit 3 is an old unit; that's why we need to move forward with a transmission project and the actual plan. It's going to be out very shortly also for an extended outage of several weeks. During that period of time, we're down to just three CTs of 50 MW combustion turbines at Potrero. The performance of those has not been good. We could figure that maybe two of them might be available. We go from 357 MW down to 100 being available. Those units on top of it can only be operated 10% of the year, 877 hours. They are going into a situation where they are going to use that half of the hours on those units. Normally, you wouldn't want those for the hot days during the summer. Like last year, it was 1 in 50 temperature. Granted that it's excessive high temperature and they got through it and everything was great. It was because they had some amount of prudent margin in the system. It's not excess margin. We are going to be fortunate if we make it through this year and the next two years until TBC comes in without losing load. This is very serious and very real. TBC is the next step in reliability. The load keeps growing. As much as he can push further alternatives and he will continue to do so, his last recourse is to make sure that there is a connection between load here and wherever resources are. That's what transbay cable does. It's a very real situation and he hopes that we don't have to not be able to serve the load.

Carol Bach made a minor clarification about the possibility of changing sites for the converter station. The CEQA findings before the Commission include rejection of other alternative locations for the converter station including three locations within the Mirant

Power Plant property. If those locations did become feasible at some point in the future, we would have to readopt CEQA findings.

Commissioner Lazarus asked if the vote that the Commission need to take does not constitute an endorsement of this project per se but more of an agreement that needs to be in place should the other bodies that need to vote on this project decide to go forward with the project. In other words, because it happens to be coming on Port property, we have to be the ones to negotiate this project. The Commission feels that none of them including staff is in a position to say whether the project is ultimately necessary or not.

Mr. Benson concurred with Commissioner Lazarus. He indicated that the CA ISO when they endorsed the transbay project as the solution out of their long-term study gave Trans Bay until the end of April 2007 to be able to get all their permits and licenses and otherwise be ready to construct the project. Some of the project opponents have suggested that's not a real deadline, that there's not as much of a rush as the CA ISO has suggested that there is. But because of our lack of expertise, we are not able to judge that. What we are doing with this action today is putting this project into an arena where the City, the Board of Supervisors and the Mayor can consult with their energy policy experts and decide those issues.

Commissioner Brandon asked for Barbara Hale's opinion about how PUC feels about this project. Barbara Hale, Assistant General Manager for Power at PUC, indicated that PUC Commission has not taken a position on it but they have in the context of reviewing the public benefits package and the whole project and reflecting on how it relates to their electric resource plan. They've had high level conversations about this project. When you look at this project and what it provides San Francisco, a very strong reliability component, costs that are shared by many customers, not just us, a public benefits package that Mr. Benson described brings a real benefit to San Francisco, it's an overall win for the city.

Commissioner Brandon asked about the community outreach. The staff report states that by the commencement date, TBC will present its proposed plan for conducting outreach. She thinks that's a little late because the community should be involved during the whole process. Commencement means when they go operational. Mr. Benson replied that the commencement date in that context is the commencement of the construction period license. That could be months from now if the Board of Supervisors decide to approve it. There's a period of time, 30 days after the Mayor signature, when it becomes effective.

Commissioner Brandon asked if the commencement date of construction should be stated instead of the commencement date of operation. She asked how the Port will know of their plan and whether it will be something that the community will support. Mr. Benson indicated that Ms. Moyer paid close attention to that language in the license agreements. It will be subject to the approval by the Executive Director in her/his sole discretion. Staff has noted Commissioner Brandon's message at the last Commission meeting about community outreach being needed from the get-go throughout the project. Commissioner Brandon asked that once it's presented to Port staff, an informational presentation should be made to the Commission as well. Mr. Benson replied affirmatively.

Commissioner Brandon indicated that this has been a very long complex project. It may seem that the Port Commission is rushing to approve this project but she's known about this for at least 4-5 years. She thanked Port staff for following it so diligently and doing such a great job, Carol Bach and Grace Park but especially Brad Benson. Brad has picked up the knowledge and expertise about this project that it would seem like this is the only thing he was working on at the Port. She thanked Brad Benson and commended him for keeping the Commission abreast of everything that was going on along the way. Commissioner Lazarus seconded Commissioner Brandon's comments.

Commissioner Hardeman agreed with a couple of the speakers regarding the back-ups. It would probably be a good idea to have a couple of them around the City. He sat on the Public Utilities Commission at one time and knows a little bit about public power. He thinks that we will need public power by the time all the solar and all the wonderful things that we plan on doing with alternative sources of energy are realized. His father's brother, in the mid-50s, was the pioneer on solar energy. At 5th and Harrison Streets, he had a shop and he sank a lot of money for many decades on solar power and he's now 85 years old and he retired 20 years ago. He had many businesses and was successful in all of them except solar. He built a huge power plant in Southern California but it never really got off the ground. We've gone towards solar in San Francisco but 50 years ago, his uncle was a leading advocate of it. Here it is 50 years later and we're still in the infancy stage of solar power. He thinks this is a wonderful project. He thinks it's great for the city and he hopes it works out. He will support the project all the way through unless the Port has some serious objections at the end.

ACTION: Commissioner Brandon moved approval as amended; Commissioner Fong seconded the motion. All of the Commissioners were in favor; Resolution No. 07-23 was adopted.

Commissioner Fong acknowledged Mr. Varnum Paul, 98 years old and a San Franciscan for a majority of that time. If any of us thought we knew a little about San Francisco, we ought to check and confer with Mr. Paul. He also acknowledged his mom and dad, who were sitting in the audience with Mr. Paul.

10. ENGINEERING

A. Informational Presentation on the Port's Facilities Assessment Program (FAP).

Mr. Uday Prasad, Senior Civil Engineer, provided the Commission an overview of the Port's Facilities Assessment Program focusing on the FAP objectives, protocol/ procedures and accomplishments. Port staff started this program in 2002 primarily to perform rapid structural assessments of the Port's facilities to fulfill the Port's lease obligations and as an asset management tool. The initiation and implementation of all FAP actions are performed by the Port's Facility Assessment Team (FAT). The team is comprised of representatives assigned by Port's Deputy Directors and the Chief Harbor Engineer. The team meets on a monthly basis to prioritize inspections, review the results of recent inspections and discuss several other related issues such as lease impacts, tenant notifications, repair schedule and funding. The program has several key objectives. It keeps public and tenant informed about substandard and unsafe facilities. By doing so, it assures public safety and confirms that ongoing operational uses are safe. Under certain

lease terms, the Port is legally obligated to inform tenants of facility conditions on a period basis. The assessments help Port staff to determine maintenance and repair needs and pre-lease and post-lease conditions of the Port properties. Assessments are also conducted for preparing detailed construction documents and cost estimates for the repairs. The program followed a strict protocol. The assessments are performed by a California Licensed Civil/Structural Engineer. The tenants are notified before entering their lease spaces. The assessments findings are summarized in the staff report with photographs and maps. After the Chief Harbor Engineer's review and approval, the report is published on the Port's Intranet with portwide notifications.

Where no structural deficiencies are found, the Port's Real Estate and/or Maritime Division send a copy of the report to the tenants and no further action is needed. Where deficiencies are found, the Port FAT schedules an internal strategy meeting within ten days of notification of the report. The meeting determines repair responsibilities, reviews lease impacts and comes up with a required action plan. Following this meeting, Port's Real Estate and/or Maritime division schedules a tenant meeting to inform tenant of assessment findings and advises tenant of unsafe and/or substandard conditions and required actions.

Where the tenant has repair responsibility, the Port requests tenant to prepare repair plans, obtain Port building permit and install necessary repairs. The Port also advises tenant that in case of failure to comply with the Port's action plan, the Port may start abatement proceedings using the regulatory authority of the Port Engineering Permit group. The abatement proceedings involve posting notices of violation and in some cases, transferring the matter to the City Attorney's office for further actions. The Port staff try their best to resolve these issues by working with the tenant to avoid any abatement proceedings. Where the Port has repair responsibility, the Port notifies affected tenant of any actions that may impact leases or tenant operations.

For deficient and substandard facilities, the Port action plan may involve a number of short or long term actions either by the tenant or by the Port depending upon the lease responsibilities. Immediate and short term measures include taking unsafe areas out of use by installing temporary barricades, imposing load restrictions and modifying tenant operations to comply with load restrictions.

Long term measures may include creating capital projects for demolition and repair and obtain all required regulatory permits and approval and perform the necessary repairs or demolition. In cases involving serious life safety issues, Port immediately red tags and closes the facility until funding sources are identified to repair or remove the facility.

To effectively manage the program, Port staff has created an electronic database. This database assigns an inspection frequency to each facility based on the type of construction and use. As shown in the table in the report, the wooden structures require more frequent inspections as compared to concrete structures also more severe uses such as fish processing and restaurants require more frequent inspections. The database keeps track of inspection due dates and provides a 60-day notice of facilities requiring reinspection to the FAT. The database is planned to be used to record post disaster assessments of all the Port facilities when needed.

The current staffing level in the Engineering Division is not adequate to complete the inspections on time and hence, the Port is using an as-needed professional engineering services contract to supplement Port staff's efforts.

In February 2007, the FAT completed the first round of assessment of all the Port facilities including pier substructures, wharves, buildings and sheds. The second round of assessments are now in progress. Since the start of this program in 2002, the team has identified several Port facilities with maintenance and repair needs. Some of these facilities have since been repaired, while others are either under construction or scheduled for repairs in the near future. The Port has allocated about $7.8 million in capital funds for pier repair projects identified by the program. The program findings have been extensively used in the formulation of the Port's ten-year capital plan.

Pages 1 to 4 of the attachment to the staff report shows a color-coded map prepared by the program. Page 1 shows the structural rating of all the piers and facilities from India Basin to Pier 48. Page 2 shows the close-up of Piers 67 and Pier 70 area. Page 3 shows the condition of the Port's piers from AT&T Park to the Ferry Building. Page 4 shows Pier 1 to the Fisherman's Wharf area. Pages 5 and 6 show some of the major Port projects. These projects were initiated by the program. Some of them are the responsibilities of the Port. Some of them have been done by the tenants. The assessment report and the color-coded rating maps generated by the program allow Port staff to make critical decisions regarding asset management and public safety.

Commissioner Lazarus asked what the definition of future is on the schedule that shows some major Port sponsored projects completed in progress and future. She asked if those projects were funded and whether they are high on the priority list. Mr. Prasad replied that some of the projects have been funded but some needs funding. Commissioner Lazarus asked if they are the next ones on the list on a priority order to be completed within a certain time frame. Mr. Prasad replied affirmatively and added that the projects will probably be completed in the next couple of years.

Commissioner Fong indicated that the Port has allocated $7.8 million for pier repairs. He asked how much of the total work has come from the tenants and their improvements in relation to the $7.8 million. Mr. Prasad replied that the $7.8 million doest not include the tenant repair project. It only includes the Port projects, where the Port is responsible for doing the repairs. Commissioner Fong asked if we have any idea how much the tenants have contributed to these lists of projects. Mr. Prasad indicated that for the Taylor Street restaurants, Wharfs J-1 and J-3 substructure repairs, although the Port shared some costs, the total cost of the project was around $1.4 million. The $7.8 million does not include that figure. The Franciscan parking lot project was also done by the tenant with some credit back to the tenant. The $7.8 million also does not include that repair cost. Commissioner Fong indicated that the tenants have made significant contributions. Commissioner Lazarus asked if the Commissioner would like to get a number at some point. Commissioner Fong indicated that he was curious what that ratio is to our capital repair costs.

Ms. Olson asked Mr. Prasad if we keep track of that information when staff issues the permits to the tenants. Mr. Prasad replied that most of the costs are spelled out in the lease documents; how much the Port is going to share and how much the tenant will pay. For

example, the Franciscan Parking Lot cost is included in the lease documents. Commissioner Fong indicated that every lease is different.

Commissioner Brandon asked what's wrong with Pier 40 and why it has restricted use. Mr. Prasad replied that Pier 40 has quite a bit of deterioration in the substructure pilings, beams and girders. Staff decided to continue the current operational uses but at the same time, we posted a load limit sign indicating that the only light passenger vehicles are allowed; no heavy trucks are allowed. Commissioner Brandon asked if Pier 40 is our responsibility. Ms. Olson replied that Redevelopment Agency has responsibility for Pier 40 and the last she's heard is that they received bids to do substructure work but not comprehensive enough to make this facility unrestricted. She believed that the bids came in significantly higher than what they had budgeted so they had gone back to the drawing board. The Redevelopment Agency is responsible for that pier. There are some complications with their utilizing the tax increment generated from the South Beach area. They've hit the cap on what they can take from it. Even though the bids came in higher, they're not legally able to access more funds to fix it. They have a conundrum in that regard.

Commissioner Brandon asked about Pier 38 and whether it's our responsibility. Mr. Prasad replied that Pier 38 has restrictions for heavy trucks and it is the Port's responsibility. Ms. Olson indicated that we have funds in the 2007/08 capital budget to begin the engineering work for the aprons that are unsafe to use.

Commissioner Lazarus reiterated Ms. Olson's comments that she could not have done the capital plan without this work. Ms. Olson indicated that we couldn't have done the capital plan without Uday Prasad and the engineering staff who have the familiarity with the condition of the facilities that we could then say that 50% of the substructure needs to be replaced and could roll through that per square footage amount to do the replacement and seismic upgrade work.

11. NEW BUSINESS / AGENDA SETTING

Ms. Olson asked if the Commissioners would like to add anything to the forward calendar. The Commission did not have anything to add.

12. PUBLIC COMMENT

13. COMMUNICATIONS

14. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Fong seconded the motion. All of the Commissioners were in favor.

Commission President Ann Lazarus adjourned the meeting at 5:08 p.m.

SAN FRANCISCO PORT COMMISSION

Ann Lazarus, President
Kimberly Brandon, Vice President
Rodney Fong, Commissioner
Michael Hardeman, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

PLEASE NOTE THE TIME OF THE MEETING

AGENDA
REGULAR MEETING
TUESDAY, MARCH 27, 2007
2:00 P.M. EXECUTIVE SESSION
3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

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The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

1. **CALL TO ORDER / ROLL CALL**

2. **ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING**

3. **APPROVAL OF MINUTES** - March 13, 2007

4. **PUBLIC COMMENT ON EXECUTIVE SESSION**

5. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

      (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS (DISCUSSION & ACTION ITEMS).

a. Discuss existing litigation matters pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code section 67.10(d):

- Specialty Crushing, Inc. (debtor) (U.S. Bankruptcy Court, Northern District of California, Oakland Division, Case No. 05-43167) (Discussion Item)

- Platte River Insurance Company v. City and County of San Francisco (San Francisco Superior Court Case No. CGC-05-446355) (Discussion Item)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Pier 70
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*BAE Systems: Ira Maybaum

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 70.

b. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*SF Piers LLC: Tom Hart and Rocky Fried

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 27-31.

6. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

7. EXECUTIVE

A. Executive Director's Report

- Seatrade Cruise Shipping Convention – March 12-16, 2007
- American Association of Port Authorities Spring Conference and Board Meeting – March 19-21, 2007
- San Francisco Business Times Real Estate Deals of the Year Awards – March 22, 2007

- Dedication of the Fisherman's Wharf Seaman's Memorial Chapel – March 30, 2007 at 12 noon at Pier 45
- Tenant Project Repair Costs associated with the Facility Assessment Program
- Commendation for Deputy City Attorney Bijal Patel

B. Informational presentation by the Department of Emergency Management regarding the City's Emergency Text Message Alerting System.

C. Informational Presentation Pertaining to Proposed State Legislation Terminating Trust Use Restrictions with Respect to Eleven Underutilized Port Seawall Lots.

8. CONSENT

A. Request authorization to increase As-Needed Architectural and Engineering related services for the Pier 52/54 Boat Launch Project by an amount not to exceed $56,710, resulting in a Cumulative Contract Service Order total of $286,710. (Resolution No. 07-24)

B. Request reauthorization to advertise for competitive bids for the Pier 33 Roofing and Related Structural Repair Project, Contract No. 2710. (Resolution No. 07-25)

C. Request authorization to apply for, accept and expend $300,000 grant funds from the California Cultural and Historical Endowment for Pier 70 consultant studies. (Resolution No. 07-26)

D. Request approval of sublease of a portion of the Premises located at SWL 318, 1500 Sansome Street, commonly known as "Roundhouse 1", under Port Lease L-13927, to FUEGO NORTH AMERICA, LLC, a California limited liability company, as Sublessee by Miller Kelley Architects, Inc., a California corporation, dba MK Think, as Sublessor for use as office space for a term of five (5) years. (Resolution No. 07-27)

9. FINANCE

A. Informational presentation on the Port's On-street Parking Study.

10. ENGINEERING

A. Informational Presentation on the Status of Contract 2708, Wharf J10 and Fishery Building Demolition Project.

11. NEW BUSINESS / AGENDA SETTING

- New Business
- Agenda Setting (Targeted Commission meeting, subject to change)

- Informational presentation by Will Travis, Executive Director of the Bay Conservation and Development Commission (BCDC), regarding The Impact of Climate Change on San Francisco Bay (April 10, 2007)
- Request approval of Lease with the San Francisco Bar Pilots for space located at Pier 9 (April 10, 2007)
- Request approval of a Non-Exclusive Management Agreement with Pasha Automotive Services for management of an automobile terminal at Pier 80 for a term of approximately 15 years and minimum guaranteed revenue to the Port based initially on tariff revenues from the receipt of 17,000 motor vehicles by waterborne vessel during the first two years of the term and increasing to 30,000 motor vehicles by waterborne vessels thereafter (April 10, 2007)
- Request approval of the First Amendment to the Non-Exclusive Management Agreement No. 13893 between the Port and Marine Terminals Corporation for management of the cargo terminal at Pier 80 (April 10, 2007)
- Request approval of Fifth Amendment to BAE Systems Lease at Pier 70 (April 10, 2007)
- Request approval of resolution rescinding the Port's Policy for Payment of Broker's Commissions (April 10, 2007)
- Informational presentation on Building Occupancy Resumption Program of the Port of San Francisco (April 10, 2007)
- Request authorization to issue Request for Proposals for Engineering Services for the Pier 35 Substructure Detailed Structural Investigation, Conceptual Repair Design and Cost Estimate (May 8, 2007)
- Request authorization to award Construction Contract No. 2713, Pier 52/54 Public Boat Launch Project (May 8, 2007)
- Request authorization to advertise for competitive bids for the Pier 35 Improvements Project, Contract No. 2712 (May 8, 2007)
- Request approval of resolution authorizing the Executive Director to execute a Memorandum of Understanding with the San Francisco Entertainment Commission to transfer responsibility for the issuance and administration of Entertainment Related Permits from the Port to the Entertainment Commission (May 8, 2007)
- Informational presentation regarding the Port of San Francisco Monthly Minimum Rental Rate Schedule, Monthly Parking Stall Rental Rate Schedule, and the Schedule for Filming and Special Events for Fiscal Year 2007-08 (May 22, 2007)
- Request approval of Lease No. L-14268 between the Port and High Flying Foods, LLC for Port property located at 360 Jefferson Street (Date to be determined)
- Request Endorsement of Amended and Restated Development Memorandum with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project (Site Location: The Embarcadero between Francisco and Battery Streets) (Date to be determined)
- Request approval of First Amendment to Berthing Agreement with California Sealift Terminals, Inc. (Date to be determined)
- Request authorization to increase ferry rates at the Port of San Francisco (Date to be determined)
- Request approval of Tri-Party Agreement with Port, The Exploratorium and Baydelta Maritime for lease of space at Pier 17 (Date to be determined)
- Request approval of lease with LB Railco, Inc. for space located at the Intermodal Rail Transfer Facility Pier 94 (Date to be determined)

12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

13. COMMUNICATIONS

Communications to the Port Commission received from March 9 to March 22, 2007:

- From Steven Moss, Executive Director, San Francisco Power Cooperative, regarding the Trans Bay Cable Project
- From Philip DeAndrade, Chair, Power Plant Task Force, regarding the Trans Bay Cable Project
- From Port staff, copy of a letter from Speaker of the House Nancy Pelosi to Secretary Dirk Kempthorne, regarding Alcatraz Cruises

14. ADJOURNMENT

MARCH/APRIL 2007
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
March 27	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
April 10	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
April 18	1:00 p.m.	SWL Lot 337 Planning Committee Workshop	Bayside Conference Room @ Pier 1
April 24	CANCELLED	Closed Session/Port Commission	Port Commission Room
	CANCELLED	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Advisory Panel generally meets the second Thursday of the month. Contact John Doll at 274-0639.

The Cruise Terminal Environmental Advisory Committee generally meets the third week of each month. Date and time to be determined. Contact Michael Nerney at 274-0416.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548.

The Central Waterfront Advisory Group meets monthly on an as-needed basis generally on the 3rd Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or via email @ Mark_Paez@sfport.com.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets jointly with BCDC's Design Review Board on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. or the Committee meets as needed on the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625.

The Port Permit Appeals Committee meets regularly on the first Thursday of June and December of the year. For further information contact Ed Byrne at 274-0570 or Dan Hodapp at 274-0625.

ACCESSIBLE MEETING INFORMATION

Ferry Building:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

Pier 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

March 21, 2007

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation Pertaining to Proposed State Legislation Terminating Trust Use Restrictions with Respect to Eleven Underutilized Port Seawall Lots

DIRECTOR'S RECOMMENDATION: Informational Item – No Action Required

Background

On August 8, 2006, Port staff briefed the Port Commission regarding staff discussions with representatives of the California State Lands Commission about several proposals regarding the public trust as applied to Port property. At the same meeting, the Port Commission authorized Port staff to pursue State legislation authorizing the sale of selected "paper" streets under Port jurisdiction for fair market value, subject to approval by the California State Lands Commission, and subject to the requirement that funds obtained through sale are dedicated to capital projects identified in the Port's Capital Plan. Senator Migden introduced SB 815 in January, 2007 on behalf of the Port to authorize the sale of these streets.

Port staff has further proposed, and the staff of the California State Lands Commission is considering, legislation authorizing the termination of trust use restrictions with respect to certain seawall lots from China Basin to the northeast waterfront. These seawall lots are currently used as surface parking lots, and are leased on an interim basis or are not leased at all.

The purpose of this staff report is to describe the land fill history of the seawall lots and their relation to the Port's public trust mission; outline the Port's legislative proposal and its potential effects; enumerate specific seawall lots under consideration, their location and surrounding land uses; describe the Port's public outreach efforts regarding this proposal; and seek Port Commission and public comment regarding such proposed State legislation.

THIS PRINT COVERS CALENDAR ITEM NO. 7C

Table 1 below shows all of the seawall lots (SWL) north of Pier 50. These eleven seawall lots are the subject of the proposed State legislation:

Table 1: Surplus Seawall Lots North of China Basin			
Seawall Lot	**Location**	**Nearest Pier**	**Square Feet**
330	Bryant, Beale & The Embarcadero [1]	30-32	101,330
328	Spear & The Embarcadero	26	26,743
347S	Steuart, Howard & The Embarcadero	NA	7,194
351	Washington & The Embarcadero	1	27,945
324	Davis, Broadway & The Embarcadero	9	39,321
323	Davis & The Embarcadero	9	2,960
322.1	Front, Broadway & Vallejo	9	37,805
321	Front, Green, Union & The Embarcadero	15-17	45,703
320	Front, Union & The Embarcadero	15-17	2,777
314	Kearny, Bay & The Embarcadero	35	31,115
337	Site "A" - Seawall Lot 337	48-50	606,418

Seawall Lot Fill and Use History

Seawall Lots North of King Street

The present-day San Francisco waterfront lies a significant distance from the historic shoreline of the City. Beginning in the 1850s, a series of state statues authorized the filling and reclamation of the tide and submerged lands along the historic shoreline to create a functional harbor. Portions of the filled and reclaimed lands were cut off from the water as a result of these harbor improvements and were conveyed into private ownership pursuant to legislative authorization.

Pursuant to Chapter 219, Statutes of 1878, the Legislature authorized the waterward expansion of the northern waterfront through the construction of a new seawall and the filling of the tidelands separated from the water by the seawall. The new seawall, upon which the present-day Embarcadero roadway is built, was constructed in segments from 1878 to 1924, establishing a permanent shoreline for the northeastern portion of the City. The construction of the new seawall allowed for the development of the finger piers that remain today.

The San Francisco Belt Line Railroad was constructed on top of the new seawall to transport cargo into, out of, and between the finger pier cargo terminals. The filled and reclaimed lands between the former waterfront line and the new seawall, generally known as the "seawall lots," were retained in state ownership and were required by various statutes to be used for purposes advantageous to the commerce of the Port. During the first half of the twentieth century, when the northern San Francisco waterfront was a major center of shipping activity, the seawall lots were used primarily as rail yards or as backlands to support cargo operations on the finger piers.

Over time, shipping activities in San Francisco diminished and shifted to the southern waterfront as break-bulk operations began to be replaced by containerized cargo. Because of its limited backland area, the northeastern waterfront was not suited for containerized shipping and was no longer a center of maritime and railroad operations. The Embarcadero freeway, constructed in 1952, cut off many seawall lots between Broadway and King Street from the rest of the waterfront. After the removal of the Embarcadero freeway following the Loma Prieta earthquake of 1989, the seawall lots north of King Street (Exhibit A) remained separated from San Francisco Bay by the Embarcadero roadway and new MUNI F-line light rail tracks that were constructed in the median.

Seawall Lot 337 (Currently the Giants' AT&T Parking Lot A)

The fill history for Seawall Lot 337 is different from the seawall lots north of King Street SWL 337 is located on former tidelands known as China Basin and was filled in the early 1900s pursuant to a lease authorized by the Legislature between the Board of State Harbor Commissioners and a railway company (Exhibit B). The lease required the railway company to construct a seawall, reclaim tidelands, and construct a rail freight yard serving the waterfront. Railroad use of SWL 337 was eventually abandoned as cargo operations shifted to the southern waterfront.

Relationship of Seawall Lots to the Port's Public Trust Mission

As a result of these historical developments, most of the seawall lots north of Pier 50 have ceased to be useful for the promotion of the public trust and the Burton Act trust, except for the production of revenue to support the purposes of the Burton Act trust and for certain limited uses. Presently, a majority of the seawall lots is leased on an interim basis for commuter parking or is vacant land. These underutilized lands are not supporting trust uses and are realizing only limited revenues for the Port's Harbor Fund.

The proposed legislation would address eleven undeveloped seawall lots that are presently used for parking and that have been identified as not needed in whole or in part for any trust uses into the foreseeable future. Collectively, the seawall lots that are the subject of the proposed legislation constitute a relatively small portion of the tidelands granted to the City under the Burton Act -- approximately four percent (4%), not including the substantial area of submerged lands within the City's jurisdiction. The lands are cut off from the water and, with limited exceptions, are not considered useful for any trust purposes other than the generation of trust revenues.

Some of the eleven seawall lots currently provide parking support for adjacent public trust uses. Seawall lot 351 across from Pier 1 provides supplementary visitor parking for the Ferry Building and Pier 1, and seawall lot 314 across from Pier 35 provides periodic worker parking for the Pier 35 cruise facility. Seawall lot 337 is currently leased to China Basin Ballpark Company for event-related parking. Future development of these lots should ensure that the transportation needs associated with adjacent trust uses are adequately accommodated.

In addition, Seawall Lot 337, the largest of the eleven seawall lots, could in part support some additional trust uses. Although a portion of Seawall Lot 337 is presently designated as a port priority use area under the Seaport Plan approved by the San Francisco Bay Conservation and Development Commission ("BCDC") (Exhibit C), the designated area is no longer considered capable of supporting cargo operations and the Port intends to seek an amendment to the Seaport Plan that would lift the designation. However, the Port has commenced a public planning process (described in the Port Commission informational presentation on August 8, 2006) designed in part to determine whether and where other potential trust uses, such as visitor-serving parks and retail, restaurants, hotel, and maritime uses, can be appropriately located on the site. It is clear, though, that a substantial portion of the site is surplus to trust needs.

Port Legislative Proposal

There is uncertainty as to the Port's legal authority to lease its surplus trust lands for non-trust uses on a long-term basis absent an express statement of intent by the California Legislature to authorize the termination of trust use restrictions.[1] Accordingly, to address the problem of underutilization of the seawall lots, the Port proposes legislation that would do the following:

1. Authorize the termination of trust use restrictions with respect to the SWLs 330, 328, 347S[2], 351, 324, 323, 322.1, 321, 320[3], 314, and 337, until 2094, subject to certain terms and conditions;

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[1] According to the California State Lands Commission: "Uses of trust lands, whether granted to a local agency or administered by the State directly, are generally limited to those that are water dependent or related, and include commerce, fisheries and navigation, environmental preservation and recreation. Public trust uses include, among others, ports, marinas, docks and wharves, buoys, hunting, commercial and sport fishing, bathing, swimming and boating. Public trust lands may also be kept in their natural state for habitat, wildlife refuges, scientific study, or open space. Ancillary or incidental uses, that is, uses that directly promote trust uses, are directly supportive and necessary for trust uses, or that accommodate the public's enjoyment of trust lands, are also permitted." The State has recognized restaurants, hotels, and visitor-serving retail as permissible ancillary uses of trust land that further public enjoyment of waterfront areas.

[2] **Note:** The Port proposes to include in the legislation the Steuart Street cul-de-sac adjacent to SWL 347, to allow assembly of these parcels. Such an action would be predicated on action by the San Francisco Planning Department to vacate a one block section of Steuart Street.

[3] **Note:** The Port also proposes to include in the legislation small portions of Vallejo Street and Union Street that intersect, but do not provide through access to, The Embarcadero, to afford a future opportunity to assemble these fractional lots into more useful parcels. Terminating the trust with respect to the portions of these streets would be predicated on action by the San Francisco Planning Department to vacate the subject portions of Vallejo Street and Union Street.

2. Authorize leasing of the subject seawall lots for any use, subject to certain conditions and approval by the California State Lands Commission, for terms up to sixty-six (66) years;

3. Direct revenues from such leasing, during the first 30 years of the leasing term, net of current parking lease proceeds, to fund preservation of structures listed or eligible for listing on the National Register of Historic Places or to the Port's 10-Year Capital Plan; and

4. Provide for judicial validation of such leases.

With respect to SWL 337, consistent with the public planning process described in the Port Commission informational presentation on August 8, 2006 and currently underway, the Port would be required to meet the following conditions prior to termination of the trust use restrictions for any portion of SWL 337:

1. The Bay Conservation and Development Commission (BCDC) has approved an amendment to the Seaport Plan to delete the priority use designation now applicable to SWL 337, based on their review of the need for the site to support existing or future maritime needs;

2. The Port has undertaken and approved a study to determine land uses and the location of those uses within SWL 337, including the need to retain land uses within SWL 337 that comply with the public trust such as public parks and walkways, restaurants, hotels, maritime training, sales, and rentals, and other waterfront visitor serving retail services. The study shall also consider the transportation needs of the Giants Ballpark and trust uses on Port property in the vicinity; and

3. The State Lands Commission has approved the conclusions of the Port study. The Port may submit the study to the State Lands Commission prior to its submittal of any lease of the property, and the State Lands Commission shall indicate its approval or disapproval of the study's conclusions in writing within 90 days of receipt of the study.

With respect to SWLs 351 and 314, the Port would be required to identify transportation facilities or services that will address any unmet transportation needs of visitors to the Ferry Building and Pier 1 or maritime workers at Pier 35, if the proposed lease will eliminate any existing visitor or worker parking.

In initial discussions with Port staff, California State Lands Commission staff has indicated its support for the general structure of the seawall lot legislation proposed by Port staff, but has not yet completed its review of specific aspects of the provisions summarized above. Port staff is continuing to work with State Lands staff on mutually acceptable bill language.

Potential Effects of Legislation

Table 2 below shows zoning designations governing each of the subject seawall lots and potential increased leasing revenue and tax increment, assuming development of non-trust uses compatible with surrounding zoning.

Table 2: Surplus Seawall Lots North of China Basin
Zoning and Potential New Leasing Revenue and Tax Increment

Seawall Lot	Location	Square Feet	Current Use	Adjacent Zoning	Potential New Annual Lease Revenue Estimate [2]	Potential Annual IFD Tax Increment Estimate [3]
330	Bryant, Beale & The Embarcadero [1]	101,330	Parking	M2 & M1 (Rincon Subarea)	$1,650,000	$1,050,000
328	Spear & The Embarcadero	26,743	Parking	M1/RG-4 (Rincon Subarea)	$350,000	$290,000
347	Steuart, Howard & The Embarcadero	7,194	NA	P, C-3-5, M-1	$85,000	$50,000
351	Washington & The Embarcadero	27,945	Parking	P, C-3-0, C-2	$500,000	$290,000
324	Davis, Broadway & The Embarcadero	39,321	Parking	C-2, RC-4	$450,000	$400,000
323	Davis & The Embarcadero	2,960	Parking	C-2, RC-4	$25,000	$0
322.1	Front, Broadway & Vallejo	37,805	Parking	C-2, RC-4	$400,000	$390,000
321	Front, Green, Union & The Embarcadero	45,703	Parking	C-2, RC-4	$485,000	$470,000
320	Front, Union & The Embarcadero	2,777		C-2, RC-4	$25,000	$0
314	Kearny, Bay & The Embarcadero	31,115	Parking	C-2, P	$350,000	$320,000
337	Site "A" - Seawall Lot 337	606,418	Parking	MB-OS (Mission Bay)	$7,800,000	$4,560,000
Total		**929,311**			**$12,120,000**	**$7,820,000**

[1] Includes vacated street, but excludes existing condominiums.
[2] Estimate shown is net of current lease revenue from parking operations.
[3] Based on estimate of development costs assuming non-trust uses.

Analysis of land uses in Mission Bay surrounding SWL 337 is more complicated, and is described in significant detail in the Port staff report "Seawall Lot 337 at Mission Bay Planning Overview and Orientation", January 31, 2007[4].

The principle goals of the legislation are to 1) replace surface parking lots not needed for trust purposes with beneficial infill development along the waterfront, and 2) generate revenue to further the purposes of the public trust and the Burton Act in accordance with the Port's mission.

If the Port's proposed legislation were enacted by the Legislature, future decisions regarding the seawall lots would be subject to the following:

1. Community planning to develop proposed use programs for each seawall lot (pursuant to the Port's Waterfront Land Use Plan);

2. Port Commission competitive solicitation to prospective developers, except where a sole source exception may be appropriate (such as where a seawall lot, like SWL 347, is too small to develop on its own and may be assembled with an adjacent parcel), and a subsequent exclusive negotiating agreement with a selected developer;

3. Analysis of significant environmental impacts of a proposed use program pursuant to the California Environmental Quality Act;

4. Zoning restrictions, including use, height and bulk, that are currently in effect or may be imposed by the San Francisco Board of Supervisors;

5. (Possible) action by BCDC to eliminate or modify the Seaport Plan's port priority use designation for a portion of SWL 337;

6. Approval of a subject lease by the Port Commission, the California State Lands Commission and the Board of Supervisors (pursuant to Charter Section 9.118); and

7. Judicial validation action.

Port staff has made initial estimates of potential revenue from future leasing of the subject seawall lots free of trust use restrictions, assuming development consistent with surrounding uses, as well as revenue from tax increment associated from such development. The capture of tax increment would require additional action by the Port Commission and the San Francisco Board of Supervisors to establish an infrastructure financing district that incorporates the seawall lots (pursuant to SB 1085, Senator Migden).

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[4] A copy of this report can be viewed at the web address below or acquired from the Port Commission Secretary at (415) 274-0406.:

http://www.sfport.com/site/uploadedfiles/port/port_commission/SWL337StaffReport2-28-07FINAL.pdf

Projected Annual Increased Leasing Revenue[5]:	$12,120,000
Projected Annual Tax Increment:	$7,820,000

Please note that these are estimates for purposes of discussion only.

Public Outreach

Since the February 2006 meeting with SLC staff where Port staff made their initial proposals, Port staff have conducted a series of individual and group meetings with:

- Mayor Gavin Newsom's Office, City Planning staff and the City's State Legislative Committee;
- representatives of environmental organizations with an interest in waterfront development and the public trust;
- representatives of the historic preservation community;
- representatives of neighborhood organizations with an interest in Port development projects;
- representatives of BCDC and its staff;
- urban planning and business organizations;
- organized labor, including maritime and building trades representatives;
- representatives of the Port's maritime community;
- the San Francisco Redevelopment Agency South Beach-Rincon Point Citizens Advisory Committee; and
- each of the Port's citizen advisory groups.

Subject to Port Commission direction, Port staff will continue its outreach efforts, with an emphasis on outreach to neighborhood groups that may be only peripherally aware of the Port's efforts with respect to the public trust.

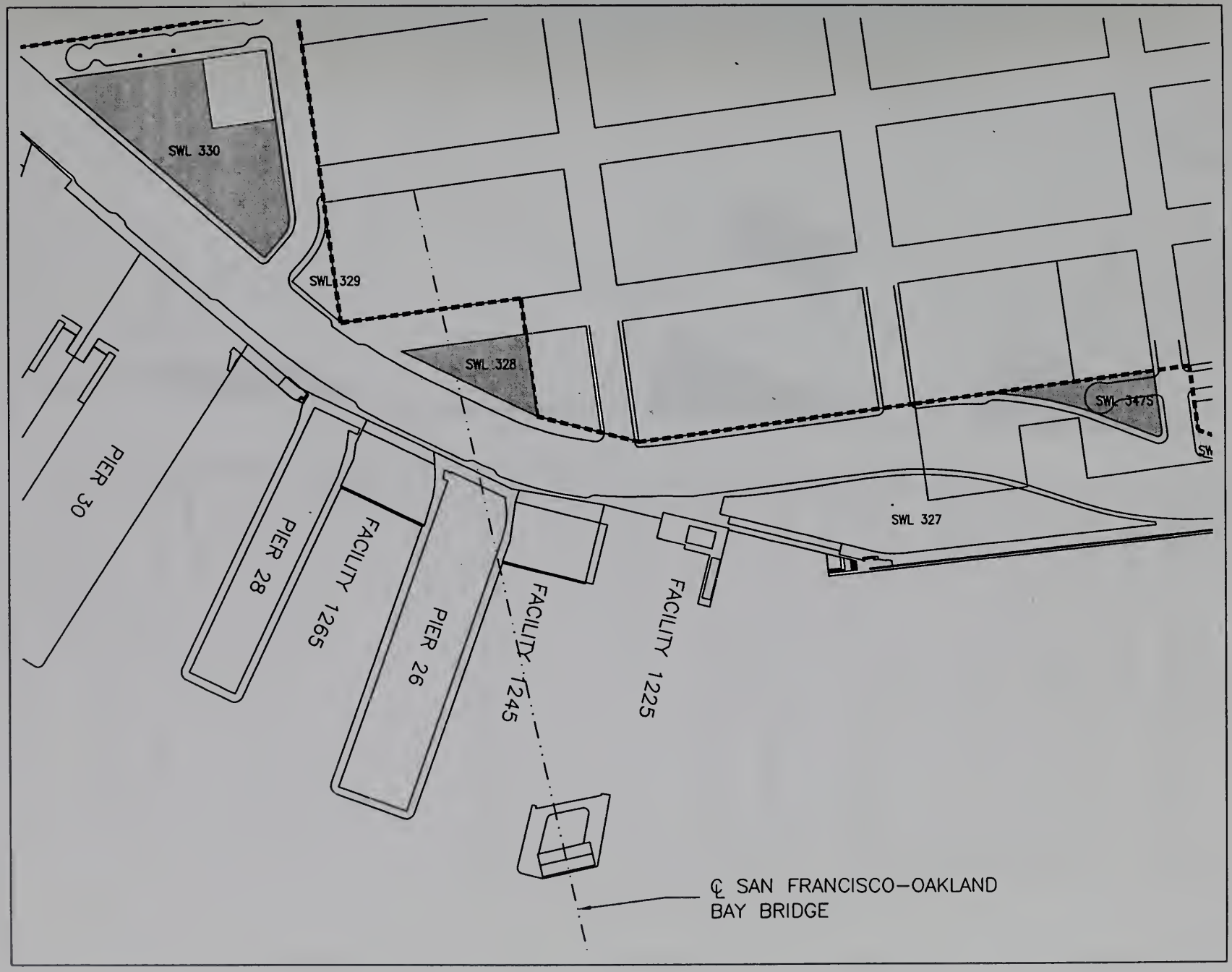
Next Steps

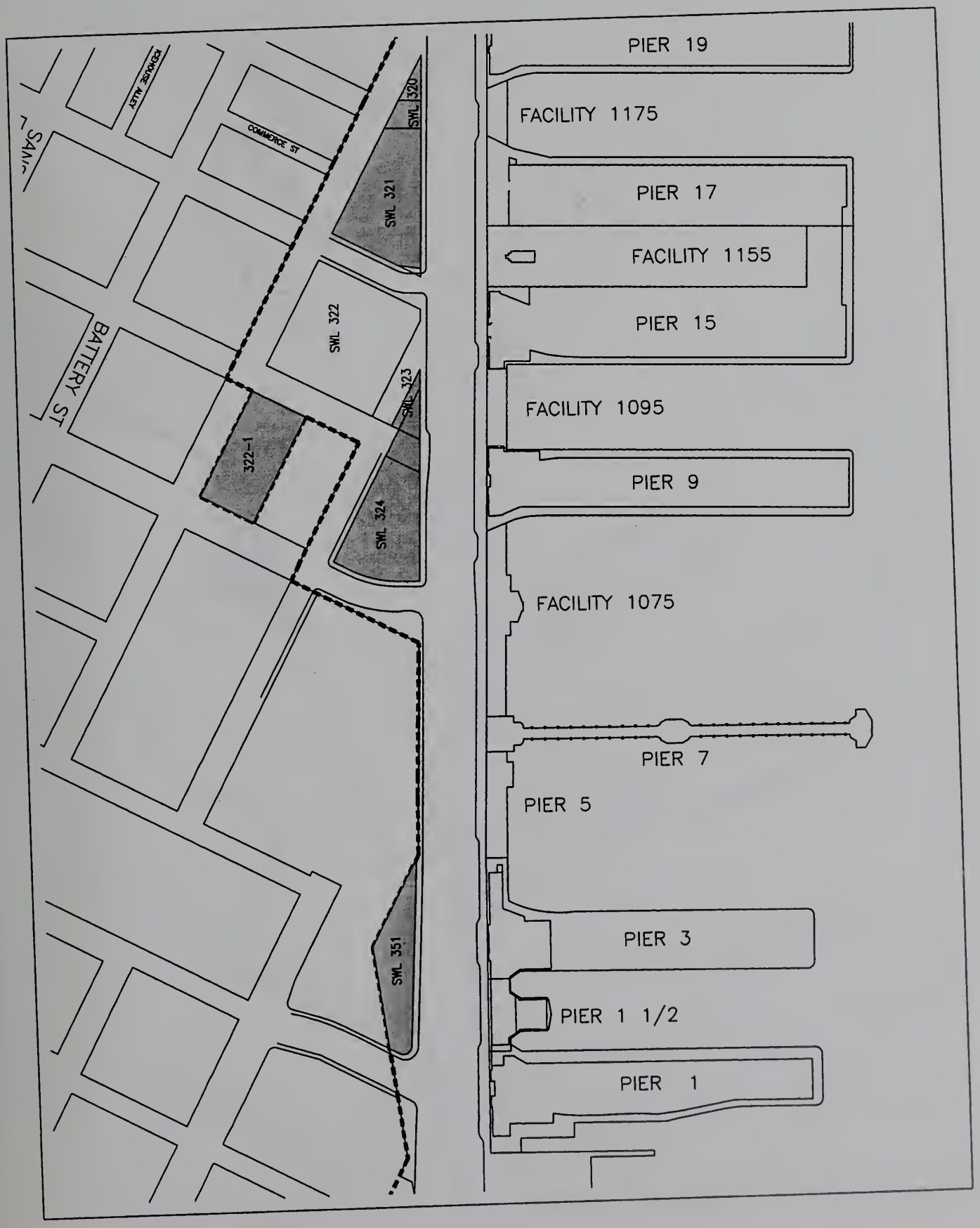
Port staff will continue to seek feedback from staff of the California State Lands Commission, staff of the Bay Conservation and Development Commission and other interested stakeholders. Subject to obtaining a broad consensus, Port staff will return to the Port Commission for authorization to pursue legislation described in this report.

Prepared by: Brad Benson, Special Projects Manager
Diane Oshima, Deputy Director of Planning
James Hurley, Feasibility Analyst

[5] Projected Increased Leasing Revenue is net of existing parking revenues.

Exhibit A:
Seawall Lots North of King Street


SWL 330
SWL 329
SWL 328
SWL 347.5
SWL 327
PIER 30
PIER 28
FACILITY 1265
PIER 26
FACILITY 1245
FACILITY 1225
℄ SAN FRANCISCO–OAKLAND
BAY BRIDGE


PIER 19
FACILITY 1175
PIER 17
FACILITY 1155
PIER 15
FACILITY 1095
PIER 9
FACILITY 1075
PIER 7
PIER 5
PIER 3
PIER 1 1/2
PIER 1
SWL 320
SWL 321
SWL 322
SWL 323
SWL 324
SWL 351
322-1
COMMERCE ST
BATTERY ST

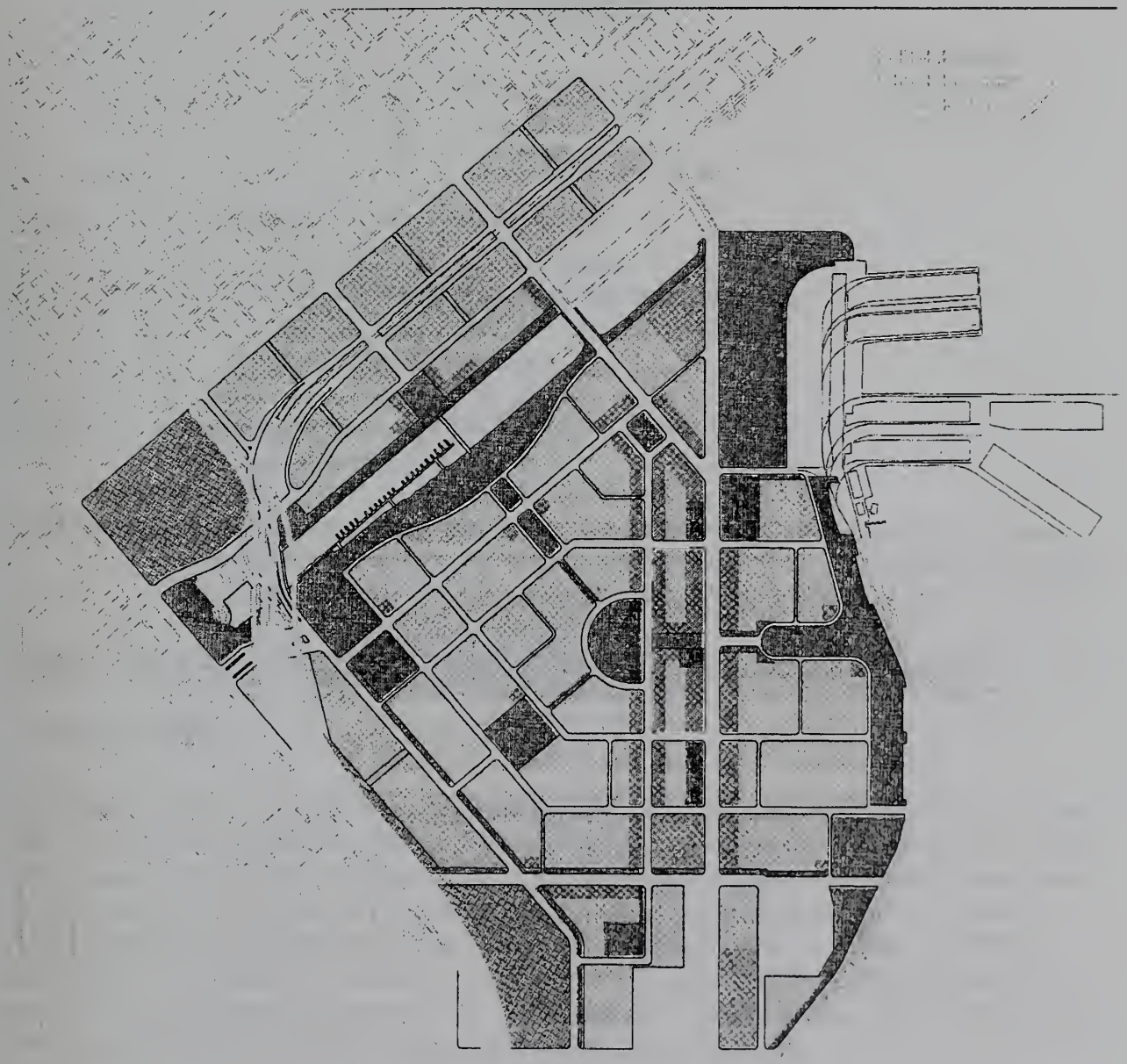
FACILITY 1355
PIER 35
SWL 313
SWL 314
SWL 315
SWL 316
SWL 317
SWL 318
PIER 33
FACILITY 1315
PIER 31
FACILITY 1295
PIER 29
FACILITY 1275
LOMBARD ST

Exhibit B:
China Basin Fill History



Note: This image shows the 1869 Allard survey of San Francisco's coast line in the Mission Bay area, with then-existing portions of Mission Bay in light blue. SWL 337 and the current built shoreline and piers are overlaid.

Exhibit C:
Seawall Lot 337 Port Priority Use Designation



Note: The BCDC Port Priority Use Designation for SWL 337 is shown in white above, directly adjacent to Terry Francois Boulevard and west of Pier 48 and Pier 50. The area comprises approximately 6 acres of SWL 337.

PORT OF SAN FRANCISCO

MEMORANDUM

March 23, 2007

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director

SUBJECT: Authorization to Increase As-Needed Architectural and Engineering related Services for the Pier 52/54 Boat Launch Project by an amount Not to Exceed $56,710, resulting in a Cumulative Contract Service Order Total of $286,710

DIRECTOR'S RECOMMENDATION: APPROVE ATTACHED RESOLUTION

INTRODUCTION

The purpose of this report is to comply with contracting requirements in Section 6.64 of the San Francisco Administrative Code and Port Commission Resolution 06-27 pertaining to the issuance of Contract Service Orders (CSOs) for As-Needed construction-related professional service contracts (referred to in this staff report as design or architectural and engineering related services). San Francisco Administrative Code Section 6.64 establishes a $200,000 limitation on the amount of cumulative contract service orders that may be issued under as-needed construction-related professional service contracts for any single public works project. This requirement may be waived under the following circumstances:

"A department may issue or modify any contract service order(s) to exceed the foregoing limits only upon the department head's written determination establishing the urgency of the work and the justification for proceeding under this Section 6.64 rather than by formal competitive process."

At its November 6, 2006 meeting, the Port Commission authorized the Executive Director to exceed the $200,000 limitation (Port Commission Resolution No. 06-81) for the Pier 52/54 Boat Launch Project. Through that approved resolution, $30,000 was added to the project's design services budget to develop an alternative design, as prompted by a revenue-generating concept introduced by the Port's Real Estate Division, late in the design process.

This Print Covers Calendar Item No. 8A

The Port Commission is now being asked to authorize an additional $56,710 for Pier 52/54 Boat Launch project design and construction management services, for the reasons discussed below.

BACKGROUND

The Pier 52/54 Boat Launch Project represents the second phase of a 15-year planning process. The project location is south of China Basin on Terry Francois Boulevard. The two-phase project includes a separate Public Access Project consisting of a parking lot (Phase 1), which has been completed and this project (Phase 2 - Public Access Boat Launch).

An additional not-to-exceed amount of $56,710 is needed to pay for the following consulting engineering and inspection services associated with the public access to the boat launch:

(1)	Design Cost Overrun by Creegan and D'Angelo	$30,250
(2)	Additional Construction support services by Creegan and D'Angelo	$16,460
(3)	Construction related Special Inspection Services by an as-needed consultant to be determined at a later date	$10,000
	Total	$56,710

The cost overrun amount of $30,250 was incurred by Creegan & D'Angelo (above the existing contract service order authorization, approved by Port Commission Resolution No. 06-81 on November 6, 2006) in responding to the following design issues raised by the California Department of Boating and Waterways during their grant required review and approval of the project construction documents:

- Wood float system
- Gangway support at abutment
- Storm water pollution prevention
- Additional light poles
- Construction staging
- Survey control data
- Utility trench detail

Creegan & D'Angelo provided timely response to the California Department of Boating and Waterways through review of the construction bid documents and the resulting questions and requests. The amount of time spent by Creegan & D'Angelo in responding to California Department of Boating and Waterways' comments was well beyond what was anticipated in the original work authorized by the Port Commission on November 6, 2006. California Department of Boating and Waterways' comments did not change the overall design, which would imply there were design flaws, but merely requested the consultant to elaborate and clarify certain aspects of the design. Given the project's funding driven schedule, the Port benefited by Creegan & D'Angelo's willingness to provide timely response to California Department of Boating and Waterways' comments without delaying the project by waiting until this formal request for additional funding was approved.

An additional $16,460 is required to be added to the current Contract Service Order with Creegan and D'Angelo for construction support tasks that originally were planned to be performed by the Port staff. These tasks are submittal reviews for piles, precast boat ramp concrete panels, gangway, concrete and wood float systems, pile installation, attendance at meetings and performing related inspections. Due to the current workload, the Port staff will not be able to provide services for these tasks in a timely and effective manner. The existing contract service order with Creegan and D'Angelo allocated $7,590 for construction support services related to pre-bid meeting, pre-construction meeting and Request for Information. These additional construction support tasks require specific authorization by the Port on an as-needed basis.

An additional $10,000 is being requested to provide for certain special inspection services not identified during the preliminary phase. These special inspection items (e.g. welding, prestressed concrete) were added to the project scope during final design. Port engineering staff cannot perform these inspection services due to a lack of expertise in these specialized areas. These services will need to be provided by a separate consultant from the Construction Support Services' as-needed contract pool if no other city department can provide the services. The additional inspection services will require specific authorization by the Port on an as-needed basis.

To preserve the project schedule and provide the required project inspections and quality reviews, the Port Executive Director finds justification and urgency to increase the cumulative contract service order dollar amount authorized for this project's as-needed professional services by an amount not to exceed $56,710. Seeking competitive bids for these additional services to complete the design was not deemed a viable option for this project, given the funding circumstances. However, in response to the Port's recent request, the State Department of Boating and Waterways has again extended the deadline to spend the project's grant funds until December 31, 2007. Further delays to seek competitive bids for these design services could jeopardize the $1,516,000 in grant funding.

Proposed Budget for As-needed Professional Services is summarized in the following table:

Task	Consultant	Cost
Conceptual Engineering	Moffat & Nichol Engineers	$ 22,985
Authorized Detailed Design and construction support services	Creegan and D'Angelo	$207,015
Additional Engineering Services of this Authorization	Creegan and D'Angelo	$46,710
Additional Special Inspection Services during Construction Services of this Authorization	To be determined	$10,000
Total As-needed Professional Services		**$286,710**

The engineer's estimate for construction of the project is $1,900,000. The total cost of professional services for this project is $286,710 or 15% of the estimated construction cost. The Chief Harbor Engineer has determined that these design and quality control costs are reasonable for this type of project.

FUNDING

The project will be funded by two Port Capital Projects, CPO 682 Pier 52/54 Public Boat Ramp and CPO 741 Pier Repair Project, and grant funds from the California Department of Boating and Waterways, CPO 114, as follows:

Funding Source	**Capital Project**	**Funding**
SF Harbor Operating Fund	CPO 682	$ 529,315
	CPO 741	$ 161,872
Remaining Grants from California Dept. of Boating and Waterways	CPO 114	$1,270,723
Total		**$1,961,910**

The California Department of Boating and Waterways provided a grant in the amount of $1,516,000 for the Pier 52/54 Boat Launch project. Of the $1,516,000 grant funding amount, $245,277 has been expended to fund completion of the Pier 52 Parking Lot.

RECOMMENDATION

Staff recommends that the Port Commission adopt the attached resolution authorizing staff to exceed the $200,000 limit for contract service orders issued under as-needed architectural and engineering service contracts for the Pier 52/54 Boat Launch Project. Specifically, staff seeks Port Commission authorization to increase the cumulative amount of Contract Service Orders to Creegan & D'Angelo and other design consultants, from $230,000 to $286,710, for design and construction administration services on the Pier 52/54 Boat Launch Project.

Prepared by: Norma Nelson, Contract Administrator

For: Tina Olson, Director of Finance & Administration
Ed Byrne, Chief Harbor Engineer
Kenneth Chu, Project Engineer

cc: Clerk, Board of Supervisors
Local 21, IFPTE Representative Michael Seville
Department of Public Works, Nelson Wong

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 07-24

WHEREAS, San Francisco Administrative Code Section 6.64, relating to the use of as-needed contracts for construction-related professional services, states that : "No contract service order or multiple contract service orders for any single public work, whether in one phase or multiple phases, shall cumulatively exceed $200,000"; and

WHEREAS, San Francisco Administrative Code Section 6.64 allows a department to issue or modify any contract service order(s) to exceed the foregoing $200,000 limit only upon the department head's written determination establishing the urgency of the work and the justification for proceeding rather than by formal competitive process; and

WHEREAS, the Executive Director of the Port of San Francisco, as indicated in the staff report accompanying this resolution, has provided a written determination of the urgency to exceed the $200,000 limit on contract service orders for as-needed contracts for construction-related professional services, as it applies to the Pier 52/54 Boat Launch Project; and

WHEREAS, the Port Commission under Resolution No. 06-81 previously authorized the Executive Director increase the total dollar amount of as-needed contract services for the Pier 52/54 Boat Launch Project to $230,000 at its November 14, 2006 meeting; and

WHEREAS, to secure the requisite approval of the California Department of Boating and Waterways, the project design has to be modified; and

WHEREAS: the design is now approved by the California Department of Boating and Waterways as complete and approved for construction bid advertising by Port Commission Resolution No. 06-80; and

WHEREAS, the Port Executive Director finds ample justification and urgency to increase the amount of cumulative contract service orders for as-needed consulting services for this Project to $286,710 rather than seeking competitive bids to meet the California Department of Boating and Waterways design requirements, as indicated in the accompanying staff memorandum; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to increase the total Contract Service Orders for the Pier 52/54 Boat Launch project by an additional $56,710, thereby resulting in a cumulative total of $286,710 for all as-needed professional design services for this project.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 27, 2007.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

March 23, 2007

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney A. Fong
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director

SUBJECT: Request reauthorization to Advertise for Competitive Bids for the Pier 33 Roofing and Related Structural Repair Project, Contract No. 2710

DIRECTOR'S RECOMMENDATION: APPROVE THE ATTACHED RESOLUTION

Introduction

Port staff request Port Commission reauthorization to advertise for competitive bids for the Pier 33 Shed Roofing and Related Structural Repair Project (Contract No. 2710). The Port Commission, at its meeting on April 25, 2006, previously authorized staff to advertise for competitive bids for this project (Port Commission Resolution No. 06-30). Project implementation was delayed due to personnel changes, lack of project support staff, and further investigation of deterioration in structural framing. Port staff has modified the project scope to address structural repairs that are a necessary part of the project. The increase in the project scope impacted the project cost and funding. The contract documents are now complete and ready for bid.

Background

Pier 33 is an historic, working industrial pier, constructed of heavy timber components. The Pier 33 Shed is occupied by multiple tenants whose activities include dry storage and fish processing. Dry rot damage in the roof assembly over the Shed has compromised the roof decking, roof support frames and high bay light monitor support members. As indicated by leaks in many locations during the rainy weather, the roof has survived well beyond its useful life.

The base bid for this substantial roofing project will replace approximately 60% of the Pier 33 shed roof, including the roofs on top of the light monitors. The project consists of approximately 50,400 square feet of roofing and any required dry rot damage repair. The multiple aspects of the scope of work include the following items:

This Print Covers Calendar Item No. 8B

- Removal of hazardous asbestos and lead materials on the roof and roof top monitor windows;
- Repair of the dryrot damage to the roof assembly, by removing and replacing damaged wood decking, roof support members and light monitor support members;
- Removal of the existing roofing and replacement with a new Class B Roof;
- Removal and replacement of the damaged sheet metal flashing, coping and roof cants;
- Removal of existing open roof drains and replacement with new drains with screens, and installation of new code-compliant overflow drains;
- Installation of four new metal rooftop access ladders to replace the existing wood ladders for improved safety, of which two will have security covers and OSHA safety cages where the roof is accessed from the apron; and
- Painting of the sheet metal cladding, steel windows at the eight light monitors, and cement plaster at the bulkhead.

The project bid package will include several alternate bid items that may be added to the base bid to increase the scope and stay within the available budgeted amount.

The Human Rights Commission has reviewed the project scope and recommended a 15% subcontracting goals for Local Business Enterprise (LBE) in the solicitation of bids.

During the hazardous material abatement and construction activity, the tenants will be protected by a temporary barrier and continuous air quality oversight provided by the contractor and designed by the contractors' Certified Industrial Hygienist. The protective barrier and air sampling plan will be reviewed and approved by the Port industrial hygiene staff and a third party Certified Industrial Hygienist prior to removal of any roofing material.

Regulatory Compliance: Western Gulls which nest from May through August on the roof of Pier 33 are protected under the federal Migratory Bird Treaty Act (MBTA). Under MBTA it is illegal to harass or otherwise harm Western Gulls with active nests (i.e. nests with eggs or chicks). Western Gulls are an otherwise common bird and are only protected during their nesting season. The Port has enlisted the support of an environmental contractor to perform activities allowed under MBTA to prevent Western Gulls from establishing active nests, including destruction of nests before eggs are laid, and installation of netting in areas where Western Gulls might attempt to establish nests. The Western Gulls will still be able to nest on the roofs of other pier sheds along the waterfront.

Environmental Review: This project is classified as emergency repairs and on July 28, 2006, the Port received a Class 1(d) Restoration Categorical Exemption from the California Environmental Quality Act and the San Francisco Bay Conservation and Development Commission (BCDC). An Army Corp of Engineers' permit is not needed.

Funding

The total estimated construction cost for the base bid of this project is $1,885,759 which includes a 10% contingency. The project base bid and contingency is fully funded by the capital project accounts (CPO) noted below:

Funding Source	Title	Amount
CPO 759	Roof Repair Fund	$1,350,000
CPO 741	Pier Repair Fund	$ 535,759
	Total:	$1,885,759

Schedule

The project is scheduled to start on May 29, 2007 and expected substantial completion is October 31, 2007.

The following is the anticipated project schedule:

Commission Approval to Advertise	March 27, 2007
Bids Due	April 24, 2007
Commission to Award	May 8, 2007
Notice to Proceed Issued	May 29, 2007
Construction Substantial Completion	October 31, 2007
Final Completion	November 30, 2007

Summary

Port staff have modified the original project scope and are prepared to seek competitive bids for this project. Staff therefore request Port Commission reauthorization to advertise for competitive bids for the Pier 33 Shed Roofing and Related Structural Repairs Project, Contract No. 2710.

Prepared by: Wendy Proctor
Project Architect

For: Edward F. Byrne
Chief Harbor Engineer

CITY AND COUNTY OF SAN FRANCISCO
PORT OF SAN FRANCISCO

RESOLUTION NO. 07-25

WHEREAS, Dryrot in the roof over the Pier 33 Shed has damaged the roof decking, roof support and light monitor support members, and the roof has exceeded its useful life as indicated by leaks in many locations during the rains; and

WHEREAS, Port staff wish to seek competitive bids for a contract to perform roof replacement and related structural repairs to the Pier 33 Shed, which shall be known as the Pier 33 Roofing and Related Structural Repair Project, Contract No. 2710; and

WHEREAS, the Port Commission previously authorized the advertisement of the construction contract No. 2710; and

WHEREAS, the recent changes in project scope, schedule and funding require reauthorization by the Port Commission; and

WHEREAS, Port staff have completed design drawings and specifications for the required roof replacement and related structural repairs; and the current engineering construction cost estimate for the base bid of this project is $1,885,759; and

WHEREAS, the project is funded by Port capital budget monies with current funding at $1,885,759; and the Categorical Exemption from the California Environmental Quality Act and San Francisco Bay Conservation and Development Commission (BCDC) permits for this project were approved on July 28, 2006, and an Army Corps of Engineers' permit is not needed; and

WHEREAS, in the solicitation of bids for this project, Port staff has incorporated the 15% subcontracting goal for Local Business Enterprises (LBE) as recommended by the Human Rights Commission (HRC); now, therefore be it

RESOLVED, that the San Francisco Port Commission hereby reauthorizes Port staff to advertise for and accept competitive bids for the Pier 33 Roofing and Related Structural Repair Project, Contract No. 2710.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 27, 2007.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

March 23 2007

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director

SUBJECT: Authorization to apply for, accept and expend $300,000 in grant funds from the California Cultural and Historical Endowment for Pier 70 consultant studies

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

The California Cultural and Historical Endowment (CCHE) is charged with disbursing historic resource funds of the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002, more commonly known as State Proposition 40. They offer planning and capital grants for facilities to tell the diverse stories of California's history. Port staff believes that the Pier 70 area qualifies and would compete well for this source of funding.

The Port is at the beginning stages of a public planning process for the rehabilitation and development of the Pier 70 area. This master plan will balance numerous regulatory, economic, maritime, historic preservation, open space and shoreline access needs. This plan is essential to preserve this national historic resource, parts of which are severely deteriorated from age and disuse. This planning grant would supplement the Port's Pier 70 Master Plan efforts by providing more funds for the environmental investigations, historic research, and economic and land use planning.

At current, the Port has committed $540,000 to various planning contracts and anticipates needing to add additional funding to complete the plan. This Grant application is for an additional $300,000 of funds to support that plan. The CCHE grant requires 50-percent matching funds during the grant contract period – anticipated to begin in September 2007.

The CCHE process requires the governing body to adopt a resolution authorizing submission of an application for this grant, as well as for entering into the grant contract, should the application be approved. The grant contract requires the Port to indemnify the CCHE from any claims that might arise related to this grant.

This Print Covers Calendar Item No. 8C

Commission Action

Port staff seek Commission authorization for the Executive Director to apply for, accept, and expend grant funds from CCHE for this project and to indemnify CCHE as required by the terms of the grant.

Prepared by: Kathleen Diohep
Project Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 07-26

WHEREAS, the people of the State of California have enacted the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002, which provides funds to the State of California for the California Cultural and Historical Endowment (CCHE) Grant Program; and

WHEREAS, the Pier 70 Master Plan project which consists of environmental investigations, historic research, and economic and land use planning for the 65 acre Pier 70 site appears eligible for funding under the CCHE Grant Program; and

WHEREAS, the California Cultural and Historical Endowment (CCHE) has been delegated the responsibility for the creation and administration of the Grant Agreement between the Grantee and CCHE; and

WHEREAS, these procedures require the Grant Applicant to certify by resolution the approval of an application before submission of the application to CCHE; and

WHEREAS, if the Port is awarded a grant, the Port will enter into a Grant Agreement with CCHE for the Project; now, therefore, be it

RESOLVED, that this Port Commission:

1) Approves the filing of a CCHE Planning Grant Application for the Pier 70 Historic Shipyard project to be funded from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal; Protection Act of 2002; and
2) Approves in concept the terms and conditions of the Sample Grant Agreement to be funded from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal; Protection Act of 2002; and
3) Certifies that the Grantee has reviewed, understands and agrees to the Sample Grant Agreement and if awarded a grant shall work with CCHE to mutually agree upon a Grant Agreement; and
4) Appoints the Executive Director of the Port (or her designee) as agent to conduct all negotiations, execute and submit all documents including, Scope of Work, CCHE Invoices, CCHE Progress Reports, CCHE Final Reports, and other documentation which may be necessary for the completion of the Project; and be it further

RESOLVED, that this Port Commission hereby authorizes the Executive Director to seek Board of Supervisors approval to accept and expend the grant, if awarded; and be it further

RESOLVED, that the Executive Director (or her designee) is hereby authorized to execute such additional documents or take such additional actions as are necessary to implement the Project, including, if appropriate, indemnifying the State for liability associated with the Project to the extent approved by the City's Risk Manager and the City Attorney's Office.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 27, 2007.

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Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

March 23, 2007

TO: MEMBERS, PORT COMMISSION
Hon. Anne Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director

SUBJECT: Approval of sublease of a portion of the Premises located at SWL 318, 1500 Sansome Street, commonly known as "Roundhouse 1", under Port Lease L-13927, to FUEGO NORTH AMERICA, LLC, a California limited liability company, as Sublessee by Miller Kelley Architects, Inc., a California corporation, dba MK Think, as Sublessor for use as office space for a term of five (5) years.

DIRECTOR'S RECOMMENDATION: APPROVE SUBLEASE

Background

Pursuant to Port Commission Resolution No. 05-66 and Board of Supervisor Resolution No. 19-06, the Deputy Director of Real Estate executed Port Lease No. L-13927 ("Lease") with Miller Kelley Architects, Inc., a California corporation, dba MK Think ("MK Think") for approximately 20,237 rentable square feet of office space located at SWL 318, 1500 Sansome Street, commonly known as "Roundhouse 1". The term of the Lease is ten (10) years, commencing November 7, 2006. The Base Rent for the Premises under the Lease is $23,609.83 (or $1.17 per square foot) per month.

Currently, MK Think has excess space. It was understood by Port Staff since the initial lease negotiations that MK Think would sublease a portion of the ground floor office space until such time that MK Think would need to expand its business and utilize the entire premises. To that end, MK Think proposes to use the second floor area of the premises while subletting the majority of the ground floor of the Premises to FUEGO NORTH AMERICA, LLC.

MK Think is a tenant in good standing and is not in default of any of its obligations under the terms and conditions of the Lease. Port Real Estate staff has reviewed the proposed transaction and the Lease Application and credit information supplied by FUEGO NORTH AMERICA, LLC and is satisfied that FUEGO NORTH AMERICA, LLC can meet all of the obligations of the terms and conditions of the

This Print Covers Calendar Item No. 8D

Lease. A draft sublease document utilizing the Port's own standard sublease form has been submitted for execution by MK Think and FUEGO NORTH AMERICA, LLC. The salient terms and conditions of the proposed sublease are as follows:

Lessor:	San Francisco Port Commission
Sublessor:	Miller Kelley Architects, Inc., a California corporation, dba MK Think
Subtenant:	FUEGO NORTH AMERICA, LLC, a California limited liability company, specializing in custom-made outdoor barbecue grills
Subtenant's Use:	general office use only
Subleased Premises:	approximately 7,809 rentable square feet (rsf) of ground floor space at SWL 318, 1500 Sansome Street, commonly known as "Roundhouse 1"
Sublease Rent:	$9,110.50 (or $1.17 per square foot) per month with annual CPI increases
Sublease Term:	five (5) years, commencing April 1, 2007 and terminating March 31, 2012. Subtenant shall have no option to extend

All other Terms and Conditions: as set forth in Lease No. L-13927

Port's Consent:	Section 21.2 (Port's Consent Required) of the Lease provides that the Tenant shall not make or permit any Transfer of this Lease except with the prior written consent of Port (which consent shall not be unreasonably withheld; provided, however, that (A) Tenant is not then in default under this Lease nor is any event then occurring which with the giving of notice or the passage of time, or both, would constitute a default hereunder, and (B) the proposed transfer is not an assignment or a sublease under a previous assignment or an existing sublease) in each instance as evidenced by Port Commission resolution and in full compliance with all of the terms and provisions of this Section 21. Any Transfer of this Lease occurring without full compliance with all of the terms and conditions hereof shall constitute an incurable breach by Tenant and shall be voidable at the option of Port.
Excess Rent:	Section 21.4c of the Lease provides that the Tenant shall pay to Port immediately upon receipt thereof by Tenant as Additional Rent one hundred percent (100%) of all sums paid or payable to Tenant by the transferee in excess of the then existing Rent payable by Tenant attributable to the portion of the Premises subject to the Transfer (the "Subleased Premises"), including without limitation, any rent and all

	other sums or other consideration received by Tenant as a result of the Transfer, in whatever form, less (1) reasonable and customary market-based marketing/advertising costs, leasing commissions and/or reasonable attorneys' fees, if any, incurred by Tenant in connection with such assignment or sublease (which marketing/advertising costs, commissions and/or attorneys' fees shall, for purposes of the aforesaid calculation, be amortized on a straight-line basis over the term of such assignment or sublease) and (2) the pro-rata portion of the Construction Costs applicable to the Subleased Premises amortized on a straight-line basis at the rate of six percent (6%) over a ten (10) year period (the foregoing items (1) and (2) shall collectively be referred to as "Subletting Expenses").
Additional Rent:	none
Base Building Improvements/Operating Expenses:	In addition to the annual Base Rent, Sublessee shall reimburse Sublessor for the Base Building Improvements ($5.80 rentable square foot (rsf) per year) and Sublessee's Share of the estimated Operating Expenses ($6.68/rsf/year), including taxes and insurance.

RECOMMENDATION

Port Real Estate staff recommends that the Port Commission (1) approve the proposed sublease of a portion of the Premises affected by Lease No. L-13927 with Miller Kelley Architects, Inc., a California corporation, dba MK Think as Sublessor and FUEGO NORTH AMERICA, LLC, a California limited liability company as Subtenant, and (2) authorize the Executive Director or her designee to take all such further action required in consultation with the City Attorney, to effect the same, including the execution of a consent to sublease or other agreement, so long as the existing obligations or liabilities of the City and Port are not materially increased and the benefits to the Port are not materially decreased.

Prepared by: Richard A. Rovetti, Commercial Property Manager

For: Susan Reynolds, Deputy Director of Real Estate

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 07-27

WHEREAS, Charter Section 3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and authority and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and

WHEREAS, Section 3.581(g) of the Charter of the City and County of San Francisco provides that leases granted and made by the Port Commission should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, On October 11, 2005 and pursuant to Port Commission Resolution No. 05-66, the Port, as Landlord entered into Lease No. L-13927 for real property located at SWL 318, 1500 Sansome Street, commonly known as "Roundhouse 1" (Premises) with Miller Kelley Architects, Inc., a California corporation, dba MK Think, as Tenant; and

WHEREAS, Lease No. L-13927 has a Term of ten (10) years, commencing November 7, 2006; and

WHEREAS, Miller Kelley Architects, Inc., a California corporation, dba MK Think has proposed to sublease a portion of the ground floor Premises affected by Lease No. L-13927 to FUEGO NORTH AMERICA, LLC, a California limited liability company; and

WHEREAS, Lease No. L-13927 provides that any transfer of the lease including without limitation a proposed sublease must be approved by the Port Commission; and

WHEREAS, Miller Kelley Architects, Inc., a California corporation, dba MK Think is a tenant in good standing and is not in default of any of its obligations under the terms and conditions of Lease no. L-13927; now, therefore, be it

RESOLVED, That the San Francisco Port Commission hereby consents to the sublease by Miller Kelley Architects, Inc., a California corporation, dba MK Think, of a portion of the Premises affected by Lease No. L-13927 to FUEGO NORTH AMERICA, LLC, a California limited liability company on the terms and conditions described in the Memorandum to Port Commissioners dated March 27, 2007; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director, or her designee, in consultation with the City Attorney, to take all such further action as is necessary to implement the intent of this Resolution including the execution of a consent of sublease or other agreement, to the extent that the obligations or liabilities of the City and County of San Francisco and the Port are not materially increased, or the material benefits to the City and County of San Francisco or the Port are not materially decreased.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 27, 2007.

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Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

March 22, 2007

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation on the Port's On-street Parking Study

DIRECTOR'S RECOMMENDATION: INFORMATIONAL PRESENTATION – NO ACTION REQUIRED

Executive Summary

The following report presents the findings and recommended next steps of the Port's On-street Parking Study of multi-space paystations to collect payment for on-street parking and alternative pricing strategies to affect demand for parking and increase revenues. In addition, the report discusses the City's transit first policy as it relates to managing on-street parking.

The Port Commission raised the Port meter rates from $1 per hour to $2 per hour in 2003 and retained the existing two-hour time limit. The Port operates approximately 1,000 parking meters along 45 city blocks within its jurisdiction using in-house staff. Meters are in effect from 7 a.m. to 7 p.m., 7 days a week, with some exceptions. Annual parking meter revenue, based on the flat rate of $2 per hour, is nearly $1.4 million.

In 2006, the Port initiated a study of its on-street parking program with the goal of (1) increasing Port parking meter revenues while promoting parking availability for Port tenants and their customers; and (2) managing the on-street parking resource under Port jurisdiction more effectively.

Port staff explored utilizing market-based parking rates to affect supply and demand, by introducing pricing strategies that could be supported by new technologies (smart meters, multi-space paystations, and sensors) that also provide customers with multiple convenient payment options.

THIS PRINT COVERS CALENDAR ITEM NO. 9A

Phase I of the study focused on an overall assessment of the Port's on-street parking program which created baseline data. Phase II consisted of a pilot study of the capability of multi-space paystation technology to support a variety of parking management strategies, including coin and credit card payments and progressive pricing.

In Phase I or the baseline study, the Port contracted with Streetline Networks to conduct a study to determine the actual demand for the Port's metered parking spaces. In July 2006, Streetline Networks deployed sensor technology adjacent to about 200 on-street parking spaces and has been continuously measuring occupancy and turnover. The data collected produced a baseline report which the Port used to measure the impact of the introduction of variables in Phase II, including new technology, rates, time limits and payment methods.

In Phase II, the Port extended a formal invitation to the parking vendor community to participate in a pilot study of their parking system solutions. In support of Phase II, the Port Commission adopted (1) a four hour parking limit, with the exception of Chestnut Street (no limit;) and (2) a progressive rate pricing strategy. The progressive parking rates -- First Hour $3; Second Hour $3; Third Hour $4; Fourth Hour $5 -- were intended to encourage one to two hour parking sessions with less reliance on enforcement, while adding flexibility for drivers, thereby generating turnover at on-street spaces and encouraging use of off-street garages.

In fall of 2006, five vendors -- Cale/8d, Digital, Duncan, Parkeon and Photo Violation – programmed their systems to support the above revised time limits and pricing strategy and deployed their systems on seven blocks as follows:

	Location	**Vendor**
1.	200 Embarcadero	Cale/8d
2.	000 block of Francisco Street	Digital
3.	100 block of Jefferson Street	Digital
4.	1700 block of Montgomery Street	Duncan
5.	1300 block of Battery Street	Parkeon
6.	300 block of Jefferson Street	Parkeon
7.	000 block of Chestnut Street	Photo Violation

All of the installations, with the exception of Chestnut Street, demonstrated similar pay-by-space parking systems. Drivers purchased time for their numbered space at the nearest pay-station (one or two stations per block face) using coins or credit/debit cards. Parking Control Officers (PCOs) determined the status of each vehicle's parking session by collecting data from the paystations. The Chestnut Street deployment also supported coin and credit card payment but the technology required a total of nine stations per block face (one station per every two spaces.)

The 90-day pilot study ended on February 28, 2007 and the data collected was analyzed. The vendors have removed their paystations. In summary, the general conclusions of the study are that (1) location and time of day are the biggest predictors of parking demand, (2) 41% of parking sessions were paid, 13% were used by vehicles displaying disabled placards (DPs), and

46% were unpaid, (3) enforcement has been highly variable and overall quite low, and (4) drivers parked an average of 75 minutes both during the baseline and pilot study periods.

In order to develop new comprehensive on-street parking strategies that would compliment the City's Transit First policy, while optimizing revenues to support both Port and MTA operations, a number of issues needed to be carefully considered along with the above findings of the study. To this end, a Steering Committee was established comprised of staff from the Port, Municipal Transportation Agency (MTA), Controller's Office, Department of Telecommunication and Information Systems (DTIS), and Transportation Authority (TA) to provide feedback on the data collected and input on proposed new policies and supporting technology.

The value of the parking data available for the first time via sensor technology and the ability to demonstrate and measure the impact of the introduction of new parking technology, rates, and regulations against that data, quickly became apparent to the Steering Committee. Recognizing the value of a citywide parking initiative, the Port and the MTA have formally partnered on this endeavor.

As discussed in detail below, the Port and MTA staff jointly propose a two-year pricing study, whereby the Port and MTA would replace their single-space meters with multi-space paystations within a limited number of geographic zones where the demand is such that it makes financial sense. We also propose that the Port and MTA be given the authority, with some constraints, during the study to adjust parking meter rates within the four zones to identify the optimal rate structure. To this end, four zones, each comprised of Port and City streets have been identified in which to place multi-space paystations and to set similar prices within those zones.

Zone 1 – AT&T Ballpark Area
Zone 2 – Ferry Building Area
Zone 3 – Fisherman's Wharf Area
Zone 4 – South of Market Area

In support of the 2-year pricing study, Port and MTA staffs propose that the results of the pilot study also be presented before the MTA Commission, the Board of Supervisors, and the Port's Citizen Advisory Committees. Based on direction received, the Port and MTA staffs will (1) request authorization to issue a Request for Proposals (RFP) to purchase paystations to replace the single space meters in the four zones proposed in this report; and (2) prepare the required legislation to establish the 2-year pricing study in the four zones.

Parking Usage and Paystation Pilot Study[1]

Overview

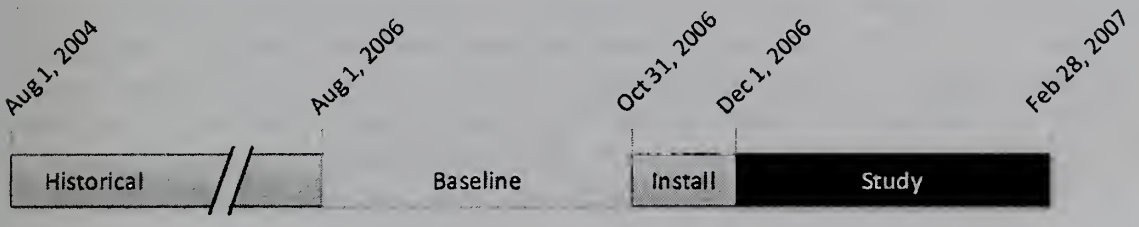
Beginning in July of 2006 and continuing through the present, the Port and its consultant Streetline have been collecting usage and payment data from approximately 200 parking spaces at various locations. The usage data includes records of each parking session, and provides a detailed profile of parking usage at each space and blockface, by time of day and day of week.

For Phase I, the data was used to provide insight into normal parking patterns, and to create a baseline for studying the effects of new policies introduced in Phase II. In this period, data on meter revenue was available in monthly totals from each meter.

In November 2006, paystations which allowed the use of credit cards for payment were deployed in nine blockfaces on seven blocks, along with new time limits and pricing. In all, paystations were installed to serve 105 parking spaces. Most of the paystations covered eight parking spaces.

During Phase II of the pilot study, transaction level data from the paystations became available. This made it possible to observe *payment* results by time of day and day of week, and match these results with the detailed usage data already being collected.

In the analysis below, Phase I is referred to as the baseline period, while Phase II is referred to as the pilot study period.

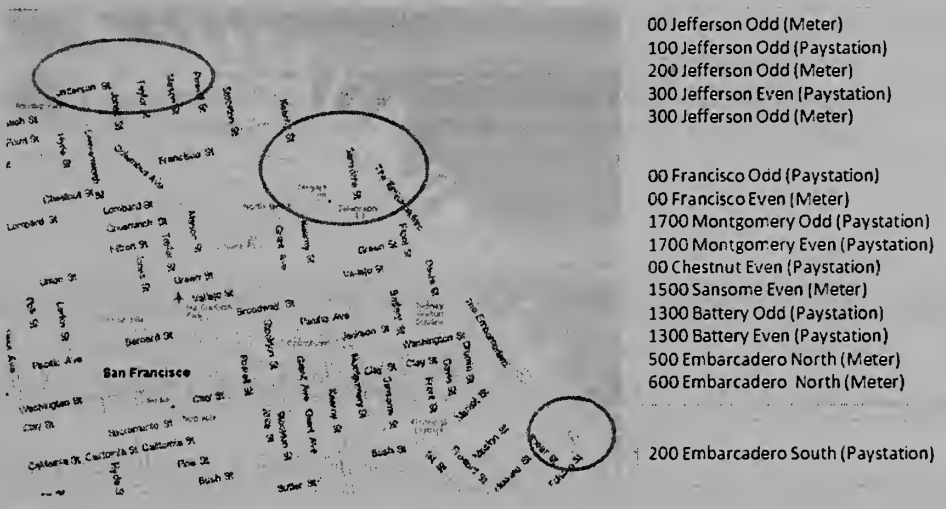


Between the baseline and pilot study periods, data was collected from 200 parking spaces over 180 days of operation, 24 hours a day, for a total of 807,840 hours of curbside capacity. A total of approximately 284,000 individual parking sessions were recorded, consuming 363,000 hours of curbspace – about 45% of the total 24-hour capacity. Usage during metered hours totaled 227,000 hours, or about 57% of the total metered capacity. Of this, 41% was paid, 13% was unpaid and used by vehicles displaying disabled placards, and 46% was unpaid, with no placard. About 50% of all parking capacity was used by drivers parking for two hours or less; 75% of capacity was used by drivers parking for four hours or less.

While usage varied considerably from day to day, averages of usage and payment behavior by day of week were very consistent *within* both the baseline and the pilot study period. Taking into account seasonal variation, usage patterns were very close *between* the two periods as well, despite changes in price and time limits.

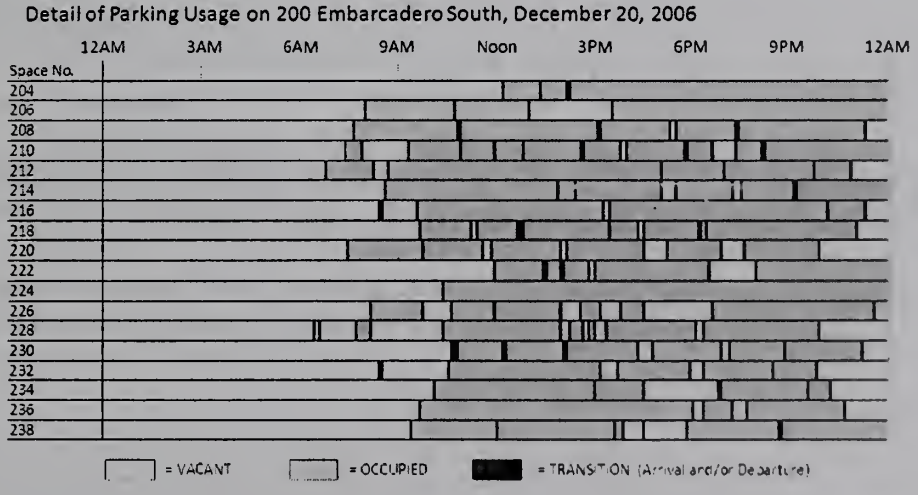
[1] StreetLine Networks wrote this section of the report on behalf of the Port.

Over time, each block showed a unique usage pattern, but differences between even directly adjacent blocks were sometimes high. This finding supports the intuitive conclusion that location (land use) is a primary factor in parking demand. Along with location, the most significant predictor of occupancy, turnover, and session duration at a given block face was time of day.



Data Collection Methods

Data on parking sessions was gathered using wirelessly networked sensors deployed at each parking space. The sensors used are highly accurate in detecting vehicle arrivals and departures, offering time precision to approximately one second, but are unable to identify individual vehicles or vehicle types. The chart below gives an example of this data from a single day on the 200 block of Embarcadero South Even block. Each parking space is shown, from 204 through 234, with occupancy in gray and transitions in black.



Data on payment was collected in two ways. Payment at single space meters is derived from meter coin collections managed by the Port. Payment at paystations is based on detailed

transaction records generated at the paystations and collected over wireless networks to back-end systems managed by the paystation vendors.

Historical citation data was provided by the MTA's Department of Parking and Traffic (DPT) and is displayed in the table that follows.

Data on usage type, including disabled placard (DP) usage, was gathered using the session data provided by the sensors, in combination with manual surveys conducted over a 14 day period. All results regarding placard use are based on this 14 day period of observation. This is the only sample-based data in the study; all other data is drawn from full detailed records.

	HISTORICAL	BASELINE	STUDY	CONTROL
PERIOD	Aug-04 → Jul-06	Aug-06 → Oct-06	**Dec-06 → Feb-07**	Dec-06 → Feb-07
METER TYPE	Single Space	Single Space	**Multispace**	Single Space
TIME LIMIT	2 Hours	2 Hours	**4 Hours ***	2 Hours
PAYMENT TYPE	Coin	Coin	**Coin & Credit Card**	Coin
HOURLY RATE	$2 .. $2	$2 .. $2	**$3 .. $3 .. $4 .. $5**	$2 .. $2
DATA:				
Meter Receipts	Monthly Totals	Monthly Totals	**Transaction Detail**	Monthly Totals
Citations	Monthly Totals	Monthly Totals	**No Data**	No Data
Usage	No Data	Session Detail	**Session Detail**	Session Detail
Usage Type	No Data	No Data	**Partial Data ****	Partial Data **

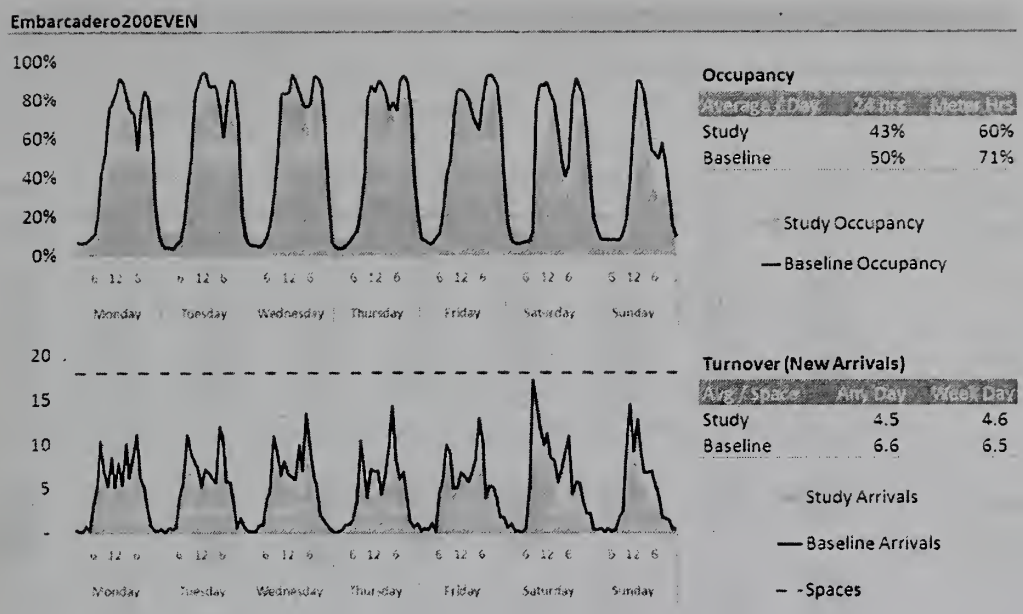
* One block of Chestnut Street had no time limit during the study
** Surveys of DP usage were conducted for a two week period during the study

Major Study Results

Occupancy and Turnover

The graph below shows occupancy and turnover on the 200 block of Embarcadero South. A complete set of similar graphs covering each blockface is included in Attachment 1.

These graphs show occupancy and turnover as hourly averages by time of day and day of week, with the baseline period (lines) compared to the pilot study period (shaded areas).

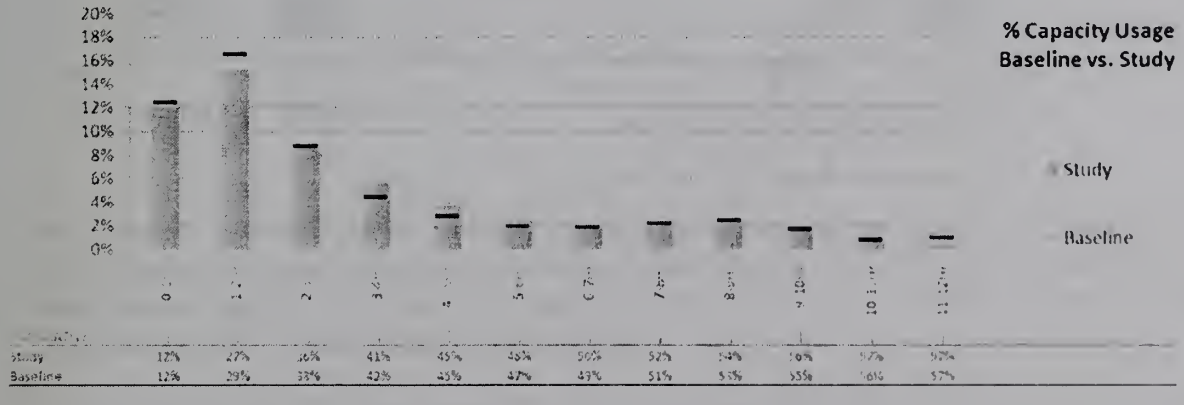


One important result of the pilot study is the remarkably similar patterns of occupancy and turnover from baseline to study period at a given block, despite changes in price, time limit, and payment equipment. Occupancy and turnover varied at each blockface and varied considerably from space to space and day to day. In looking at the patterns over a period of months, though, usage patterns on each blockface were found to be quite consistent.

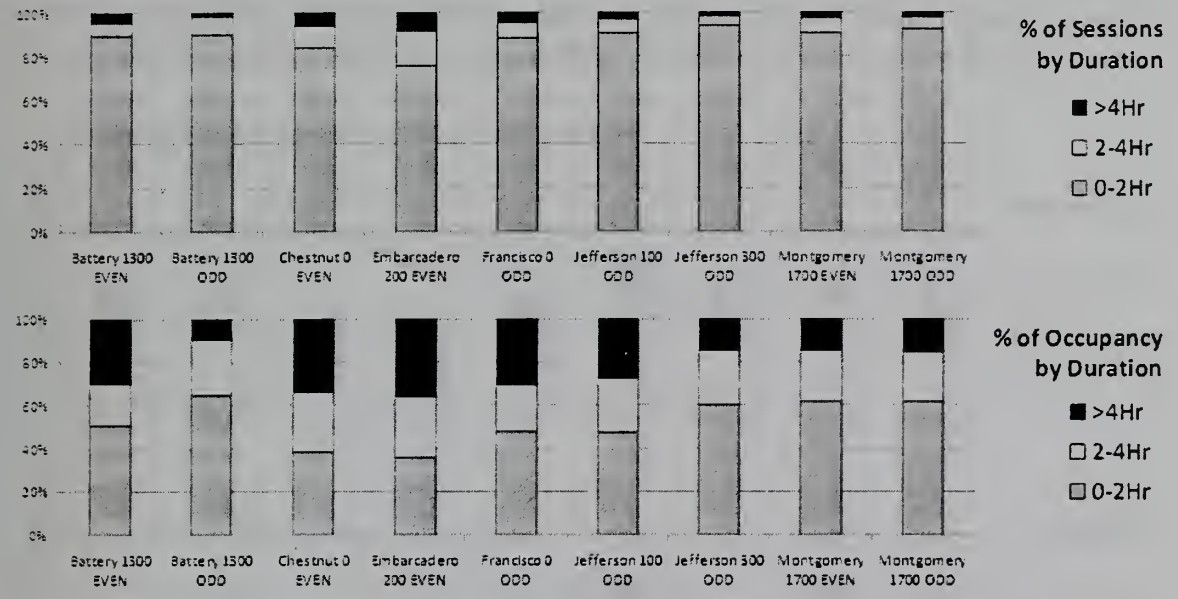
Overall, there was a drop of about 6.4% in total usage between the baseline and pilot study periods, primarily at peak hours and on weekends. The drop is reasonably consistent across all blocks, including those with continued use of standard meters and prices. One possible explanation for the drop is that baseline measurements were taken during a high period for tourism, while study measurements were taken during the winter months which is a low period.

Duration and Capacity Use

The graph below compares the amount of total capacity used by parking sessions of different lengths between the baseline and pilot study periods. Although there is a slight overall movement to longer stays, the impact on total capacity is small.

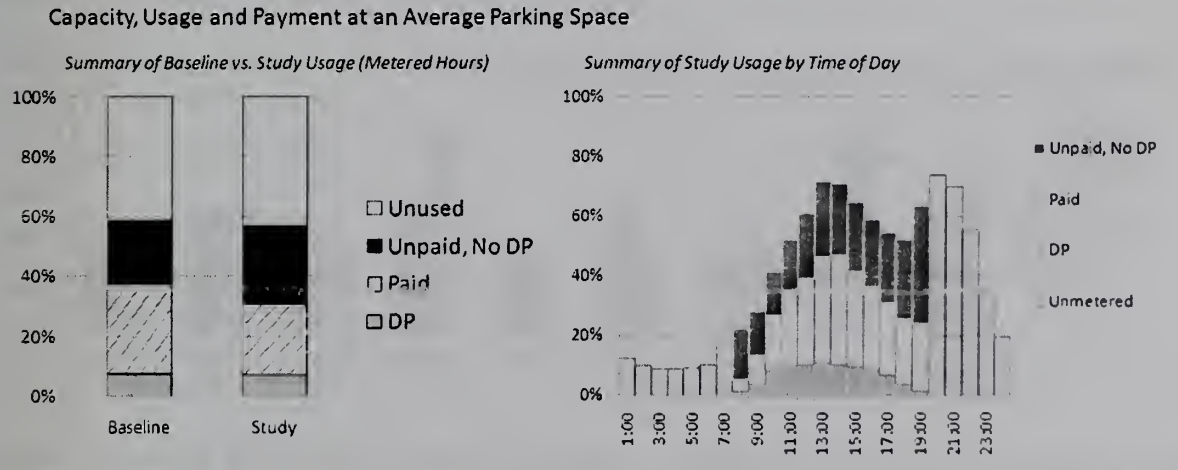


Finally, the charts below show the breakdown of sessions and capacity use by duration for each of the paystation blocks. The largest proportion of stays longer than two hours is on 200 Embarcadero, followed by Chestnut Street.



Usage vs. Payment

The chart below on the left shows total usage by payment and placard on an average weekday during baseline and pilot study periods. The chart on the right shows the same usage from the pilot study period, broken down by time of day.

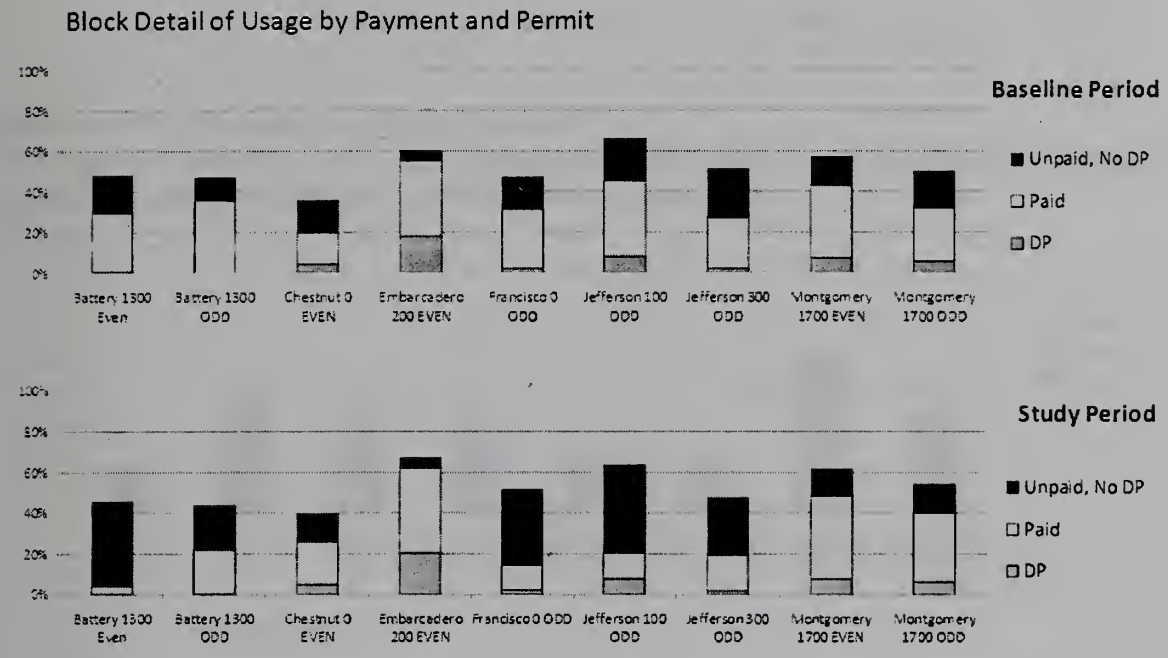


Paid usage is somewhat lower overall during the pilot study period relative to baseline. Over all blocks and both periods, usage during metered hours totaled 227,000 hours, or about 57% of the total metered capacity. Of this, 41% was paid, 13% was used by vehicles displaying disabled placards, and 46% was unpaid, with no placard.

On average, this level of non-compliance indicates about three hours per day per meter of "lost revenue," or roughly $3,150 per meter per year, at a rate of $3.00 per hour. For the 200 metered

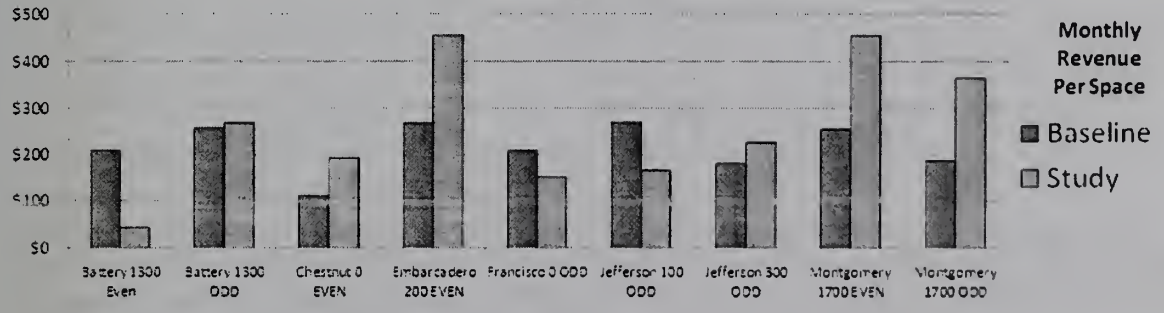
spaces studied, the total estimated value of uncollected revenue to the Port alone, based on this data, is roughly $630,000 per year.

As with occupancy and duration, payment and placard use varied significantly from one blockface to the next. The graph below shows the breakdown for each of the pilot study blocks with paystations. 100% represents total metered weekday capacity on the block.



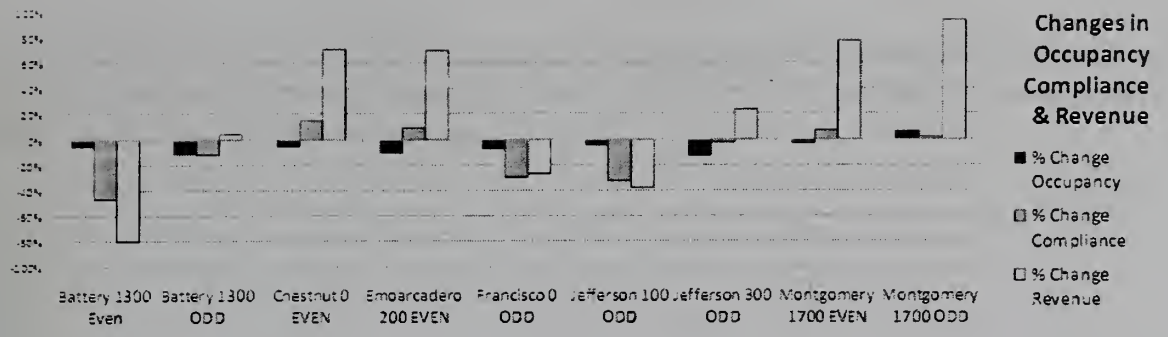
Revenue Impact of Pricing and Policy Changes

The chart below shows revenue results during baseline and study periods at each blockface.



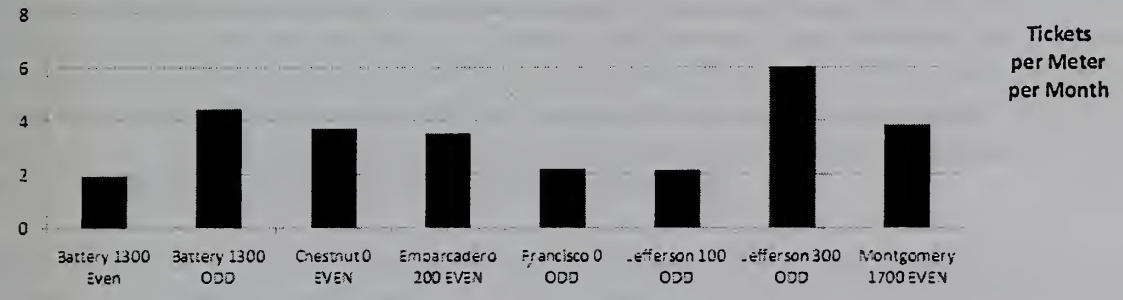
Across all blocks, revenue was up by 25% in the pilot study period over the baseline. Excluding the two blocks (1300 Battery Even and 000 Francisco Odd) which experienced paystation failures, the increase was 37%.

In the chart below, changes in usage, compliance and revenue between baseline and pilot study periods are compared. Since prices increased by over 50% and usage changed only slightly, changes in revenue were primarily driven by compliance.



Historical Enforcement vs. Meter Revenue

The charts below show historical ticketing rates at the studied blockfaces, followed by some statistical analysis of ticketing rates verses meter receipts.

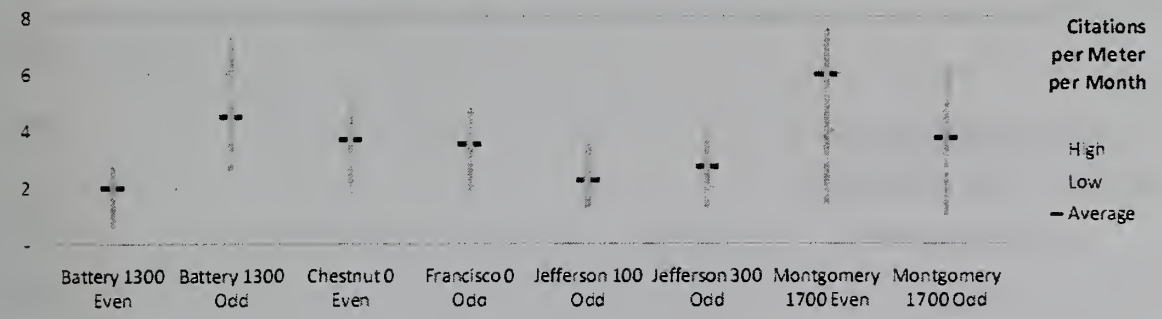




Overall, the number of citations shows little correlation to meter revenue. Correlation for individual blocks can sometimes be relatively high, but varies markedly even between adjacent and opposite blocks. On balance, there seems to be some relationship between the two, but on most blocks it seems to be a weak and indirect link.

One explanation for the poor overall correlation between enforcement and meter revenue is that the changes in enforcement were too small and short-lived for drivers to notice. As a general trend, citation rates climbed slightly between October 2004 and October 2006, but month-to-month variation was considerably larger than the two year trend. Given that individual drivers rarely get cited in the first place, their perception of changes in enforcement levels is likely to take effect gradually, and month to month variation is likely to be perceived initially as "bad luck" rather than policy impact.

The following chart shows historical citation levels by blockface for the pilot study and control blocks in terms of citations per meter per month. The vertical lines show the range, from low to high, and the circle shows the average.



Two additional factors have been suggested as explanations for the weak relationship between meter revenue and citation numbers. First, the relationship seems to be weakest on blocks, such as the retail blocks on the east end of Jefferson Street, where street artists sell their wares on the sidewalk and merchants operate street front businesses. This may make it possible for street artists, merchants and workers to park for long periods of time directly in front of their workplace, all the while monitoring parking enforcement and feeding the meters only when PCOs are approaching, or just before regular patrol cycles.

Additionally, many of these same blocks have a large amount of commercial traffic. Commercial drivers are more likely to stay with their vehicle, and PCOs may be less likely to cite drivers actively loading and unloading freight.

Progressive Rate Pricing

Pricing at paystations during the pilot study period was set such that the first and second hours were priced at $3/Hour – a 50% increase over prior rates – and the third and fourth hour were priced at $4 and $5, respectively. A four-hour stay, therefore, cost $15.

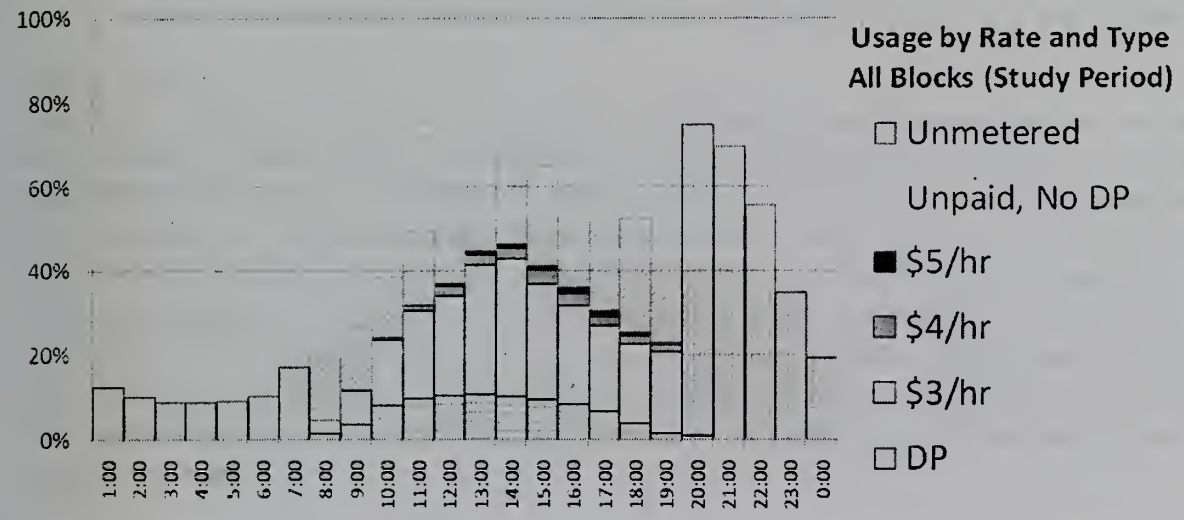
Historically, the time limit at all Port meters has been two hours. The rationale for progressive rate pricing is that it provides a market-based alternative to time limits and ticketing for encouraging turnover. With the progressive rates, drivers were offered an opportunity to park for longer without risking a citation, but were charged a higher rate for this opportunity

While we can't be certain about cause and effect from the data, it is clear that parking patterns changed only slightly with the introduction of progressive rates. Drivers tended to arrive at about the same time of day, and stay for about the same amount of time.

This could mean that the Port hit exactly the right formula in substituting market rates for time limits. However, while the progressive rates were probably a factor in driver behavior, consistent underlying demand is a stronger explanation given the data. For example, parking space usage before and after introduction of progressive rates was not markedly different between blocks where compliance was high and blocks where it was low. Likewise, usage patterns didn't vary any more on blocks where parking was congested as compared with blocks where availability was relatively high.

Progressive Rates and Peak vs. Off-Peak Usage

Another important finding of the pilot study was that progressive rates did not address congestion at peak usage hours. The graph below shows the result of progressive rates on average price by time of day, relative to occupancy. The graph shows that while higher occupancy periods do correspond to higher average rates, there is a time lag in application of the higher rates.



In retrospect, this stands to reason. Peak hour usage is "peak" in large part because more drivers arrive just before peak, and more depart just after. This means that more drivers are paying the low initial rates of a progressive rate system exactly during the most congested periods, and there is no price incentive for drivers to arrive at less congested times. Meanwhile, for blocks where peak hour is no more than a few hours, those who choose to stay longer will begin paying higher rates just as capacity becomes less congested.

Summary of Pilot Study Results

The general conclusions of the pilot study are that:

1. Land use, or location, appears to be the primary driver of parking demand.
2. Along with location, the single biggest predictor of occupancy is time of day.
3. The performance of the individual paystation equipment in terms of when the equipment was out of service had a relatively large impact on revenue, but not on usage.
4. Disabled placard use is a factor in revenue underperformance at meters, but non-payment by drivers without placards is a much larger factor across the board, and at most individual locations. In other words, more people park and don't pay than park and use a disabled placard.
5. While it is common sense that enforcement levels should drive compliance, in practice the relationship isn't so clear. One reason for this is the low basic level and high variability of enforcement activities. More consistent enforcement in response to known violation levels would likely increase compliance, and therefore the effectiveness of pricing and time limits as policy tools.
6. Within the range of prices and limits tested, actual capacity usage remained very consistent. Drivers didn't suddenly start parking twice as long when the allowed parking

limits were doubled. Instead, parking patterns remained nearly identical, with an average duration of about 75 minutes. Sessions completed in under two hours accounted for about 50% of all capacity used, and sessions completed in under four hours accounted for about 75% of all usage. Counting the portion of longer sessions that fell within the four hour limit, about 90% of all usage fell within the four hour limit. Thus, 10% of the parking sessions were over four hours.

7. Progressive rate pricing may or may not have influenced overall parking usage, but its impact on smoothing peak hour demand was probably relatively low and indirect.

User Survey

The Port conducted a survey of 102 paystation customers to identify meter features that would benefit both the public and the Port by making the Port's meters both user-friendly and reliable. The detailed results are included in Attachment 2. In summary, the majority of respondents paid with a credit card. For the most part, those who paid with a credit card found it easy to follow the instructions and to use the credit card option. However, since some of the respondents commented that they found the instructions difficult to follow we need to ensure that any paystations the Port and/or MTA purchase are user friendly. Most of the respondents preferred the paystations that accepted credit cards to single space meters that only accept coins. Finally, most of the respondents were inclined to pay more to park three hours at a curbside meter than at a parking garage.

Cost/Benefit Analysis of Replacing Single Space Meters with Multi-space Paystations

On average, a paystation costs $10,000 and has an expected lifespan of 7-years. Thus, a pure financial decision to purchase a paystation would be whether the paystation would generate at least $10,000 in additional revenues than a single space meter would have generated within seven years. As described in the table below, based on the financial results of the pilot study, the paystations on three of the streets (200 Embarcadero, 1700 Montgomery, and 1300 Battery) generated sufficient additional revenues than the single space meters that it clearly makes sense to replace those meters with paystations. However, it doesn't seem to make sense to replace the single space meters in the remaining locations with paystations. But, because the additional revenue generated in some locations is more than required to meet the 7-year payback period, some surplus revenues could be used to off-set losses on other streets in order to create uniformity in on-street parking meters within a geographic area. As described in the table below, overall, the payback period for all of the paystation locations would be slightly more than one year.

Table 1: February 2006 Single Space Meter Revenues Compared to February 2007 Paystation Revenues

	Feb-06 rev per space	Feb-07 rev per space	Difference	Amount Assoc w/ Paystations[2]	Annualized	Per Paystation	Payback Period
200 Embarcadero	**$3,503**	**$7,983**	**$4,481**	$2,729	$32,750	$16,375	1
1700 Montgomery	**2,261**	**6,816**	**4,555**	3,425	41,098	20,549	0.5

[2] Net of the revenues associated with the 50% rate increase.

000 Francisco	1,463	2,313	850	119	1,423	711	14
100 Jefferson	3,872	4,040	168	(1,768)	(21,218)	(10,609)	(1)
000 Chestnut	2,394	3,856	1,462	265	3,175	353	28
1300 Battery	**683**	**1,701**	**1,018**	677	8,119	8,119	1
300 Jefferson	3,356	2,930	(426)	(2,104)	(25,247)	(25,247)	(0)
Totals	$17,532	$29,640	$12,108	$3,342	$40,100	$10,251	1.03

Two-year Pricing Study

As demonstrated above, the two key factors for predicting parking occupancy and congestion are location and time of day. In line with these findings, and with additional policy goals of reducing traffic congestion, we propose that the Port and MTA staffs be given two-years in which to set prices for parking in specific zones, based on time of day. This approach will optimize revenue relative to demand, and provide an opportunity to further test the management effectiveness of pricing. We also propose that MTA and the Port be authorized to adjust parking meter rates, with some constraints, within four zones to identify the optimal rate structure. The Port and MTA will report back to our respective commissions and the Board of Supervisors the results of the two-year pricing study at the completion of the first year and again at the end of the second year.

The Port's meters are on streets adjacent to City streets with MTA meters. Parkers are not aware of jurisdictional boundaries and would therefore find it strange to use a pay station on a Port street with one set of prices and around the corner a single space meter on a City street with another price. Thus, any discussion about replacing the Port's single space meters with multi-space paystations should include replacing both the Port and MTA meters within a geographic area or zone where the demand is such that it makes financial sense for the Port and the MTA to replace meters by (1) generating sufficient revenues to cover the costs of replacing the single-space meters with paystations and (2) providing net additional revenues to the Port and MTA beyond the cost of the paystation. Similarly, the Port and MTA should set the same meter prices within geographic areas where the demand for on-street parking is similar. To this end, as described in more detail below, Port and MTA staff are proposing to establish four zones that cover both Port and City property in which to place multi-space paystations and to set similar prices within those zones.

Establish Four Paystation Zones

Port and MTA staffs propose to establish the following four zones that cover both Port and City property in which to place multi-space paystations:

Zone 1 – AT&T Ballpark Area

Zone 2 – Ferry Building Area

Zone 3 – Fisherman's Wharf Area

Zone 4 – South of Market Area

The exact boundaries of these zones will be determined based on periodic visual surveys conducted by Port and MTA staffs over the next month to identify the streets and blocks with high demand for on-street parking that are not major transit routes.

Zone 1 – AT&T Ballpark Area

The AT&T Ballpark area zone would allow the Port and MTA to charge game day and special event parking rates similar to garages and parking lots near the ball park which are currently priced at approximately $20 per game day. We estimate that the MTA and Port would each generate approximately $229,500 or $459,000[3] combined annually by installing paystations and charging game day and special event prices.

If the Port and MTA replaced the 300 single space meters in the AT&T Park area with multi-space paystations, they would need a total of 38 paystations. At $10,000 per paystation, those 38 paystations would cost a total of $380,000. If the game and special event estimated revenues noted above are correct, the MTA and the Port would be able to pay for those paystations within one year.

Zone 2 – Ferry Building Area

The paystations located on 200 Embarcadero are in the Ferry Building area. As noted in Table 1 above, an annualized projection of the revenues received from the paystations at 200 Embarcadero indicates $2,729 more per parking space than that realized with the single space meters[4]. Assuming demand for on-street parking remains the same during the two-year pricing study for most parking spaces near the Ferry Building area, replacing single space parking meters with the paystations would result in increased meter revenues such that the pay back period for the paystations would be less than one year.

Zone 3 – Fisherman's Wharf

Both the Port and the MTA currently generate the greatest revenues from their single space meters in the Fisherman's Wharf area which implies that this area would be a good candidate for the paystations. However, as described in Table 2 above, the pilot study did not result in additional revenues in the two blocks of Fisherman's Wharf. However, over 70% of the transactions at the paystations in the Fisherman's Wharf area were with a credit card which

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[3] Estimated revenues are based on the following assumptions:

- The City and the Port each have 150 parking spaces for a total of 300 spaces that would have paystations
- Game day and special event prices of $20 per day
- Non-game prices at $2 per hour
- 80 games and 10 special events per year
- Meter times 8:00 to 6:00 Monday through Saturday
- Parking spaces at 85% of capacity on game and special event days
- Parking spaces at 60% of capacity on non-game or special event days
- 70% compliance on game and special event days
- 50% compliance on non-game and special event days

[4] The $2,729 projected additional revenue is associated with the paystations and not the increased parking rates

suggests those customers preferred to use a credit card. In addition, Port staff and the Fisherman's Wharf Community Benefit District (CBD) are working with the Fisherman's Wharf merchants and parking garage operators to incentivize Fisherman's Wharf employees to park in the garages. By offering reduced rate employee parking in underutilized off-street garages, the number of employees would be reduced who may be parking at and feeding curbside meters, thereby creating an opportunity for more parking space turn over and increased meter revenues.

Zone 4 – South of Market

The Port and MTA staffs propose to install paystations and charge all day rates on several streets in the South of Market area that have low demand for short-term on-street parking and that are not a transit route. The objective of this proposal is to optimize parking revenue while meeting demand for long-term parking along non-transit routes.

Pricing

As demonstrated above, the two key factors for predicting parking occupancy and congestion are location and time of day. In line with these findings, and with additional policy goals of reducing traffic congestion, Port and MTA staffs propose to set prices for parking in specific zones, based on time of day. This approach will optimize revenue relative to demand, and provide an opportunity to further test the effectiveness of pricing. We also propose that the Port and MTA staffs be given two years in which to adjust parking meter rates within the four zones to identify that optimal rate structure. However, we propose that this flexibility be constrained to the variables described in the tables below. The Port and MTA staffs will report back to our respective commissions and the Board of Supervisors the results of the two-year pricing study at the completion of the first year and again at the end of the second year.

Time of day pricing will be set relative to established targets, and adjusted in light of measured results. In addition to time of day pricing during normal operations, Special Event rates will be applied to correspond to high demand generated by baseball games, Fleet Week, and other activities. Finally, certain blocks where demand is low for shorter term parking and which remain underutilized today may be operated with all day rates.

The proposed pricing program has the following parameters:

Scope

Zones Covered	Coverage areas will include on-street parking falling under both the Port's jurisdiction and the MTA's. ZONE 1: AT&T Park Area ZONE 2: The Ferry Building Area ZONE 3: Fisherman's Wharf Area ZONE 4: South of Market Area The specific blocks to be covered within these zones will be determined jointly by the Port of San Francisco and the San Francisco Municipal Transportation Agency (MTA).
Pricing Methods	Time of Day Rates

	Special Event Rates All Day Rates
Period of Operation	The pricing study is proposed to operate for a two year period. This offers the opportunity to adjust prices up to eight times to fully test the system and observe both the direct measurable results and the indirect impact on other systems and user acceptance.

Measurable Targets

Occupancy	80%
Availability	10%
Congestion	TBD – Traffic congestion management may be added to the program, and targets may be set once a baseline is established.

Time of Day Pricing

General Rules	Prices may be set at increments of $0.25/hour Prices may be set as low as $0.00/hour Prices may be set as high as $6.00/hour No more than three price levels may be in effect in any zone during normal operation, including all daytime and evening hours.
Price Adjustments	Prices may be adjusted once every quarter (3 months) Prices may be increased by as much as $1.00/hour at each adjustment Prices may be reduced by any amount at each adjustment
Daytime Pricing Rules	Daytime pricing rules will be in effect from 7AM to 6PM every day Daytime pricing on weekdays will be the same for all spaces within a zone Daytime pricing on weekends will be the same for all spaces within a zone
Evening Pricing Rules	Evening pricing rules will be in effect from 6PM to 11PM every day Evening rates may be applied selectively to blockfaces within a zone Evening rates will be the same for all spaces within a zone where evening parking is not free.
Initial Conditions	Prices will not exceed $4/hour for the first 90 days of the program

Scheduled Special Event Pricing

Applicable Times	Special event pricing may apply to any daytime or evening hours (7am to 11pm) Special event pricing may be applied to a minimum 4 hour period on any day
Applicable Events	Examples of special event pricing include Giants games, Fleet Week, KFOG Kaboom or any other planned event for which unusual parking or traffic demand is anticipated.
Pricing	Special event pricing may be set as a flat rate per hour Special event pricing may be set as a flat rate for a defined period, such as four hours

All Day Parking

All Rates	The following rules apply to all methods of pricing for All-Day rates • The maximum hourly rate for All-Day parking is $6.00 • The minimum hourly rate for All-Day parking is $0.00 • No more than three price levels may be in effect over the course of a day for All-Day rates
Rating Methods	All day parking may be rated by one of three methods: • Flat Rates by the Hour • Progressive Rates by the Hour • Flat Rates for the Day

Time Limits

All Day Parking	Time limits will not apply on blocks where All Day parking is in effect
Daytime Hours	Time limits of four hours will apply during normal operation in daytime hours at all spaces, except where All Day pricing is in effect
Evening Hours	Time limits will not apply during evening hours. A driver who parks during daytime hours and who has not reached the time limit at 6pm will not be bound by time limits for the remainder of the evening metered hours.
Special Events	Time limits may be applied or waived during special events
Broken Meters	Time limits will apply whether or not meters are functioning. The time limit for parking at a broken meter will be two hours.

San Francisco's Transit First and Parking Policies

San Francisco's on-street parking policies, including those at the Port, need to be consistent with its Transit First policy, since as described below, the City's Charter requires all land use and transportation planning decisions to revolve around transit and other alternative modes of transportation. This section describes the history of parking meters in San Francisco, their role in its economy, and their relationship to the City's Transit First policy. We included transit first values in crafting the four Port and MTA zones in which to install paystations and to pilot various pricing and timing scenarios. First, we will choose streets that are not major bus routes to pilot long-term on-street parking. Second, we will price yellow zone paystations to encourage deliveries during non-peak transit hours. In addition, we will work to ensure on-street parking near commercial sectors primarily serves customers of the nearby shops and restaurants by working with merchant associations and parking garage operators to provide less expensive employee parking.

San Francisco's Parking Meter History

When the first parking meter was installed in San Francisco on Polk Street in 1949, the City had two primary goals – to create parking turnover and decrease the number of vehicles "circling" the streets waiting for a space to become available. While time limited restrictions were not new to San Francisco streets, this new technology allowed for more efficient enforcement of these regulations and created a revenue stream to offset the costs to run the program. The idea of utilizing pricing in addition to time limits to achieve these goals has gained momentum over the last several years as many begin to see parking meter revenue as a vast untapped resource. At the same time, advancements in meter technology have provided opportunities to apply much more creative pricing structures and regulations to the limited parking supply. There are a number of different issues, however, that must be carefully considered in the development of a new comprehensive on-street parking policy. Four such issues are discussed below.

On-Street Parking and the Commercial Districts

The availability of convenient and low-cost on-street parking has always been considered a critical factor in the success of commercial businesses. If customers cannot easily access the goods or services at a given location, they will simply go elsewhere. Parking meter regulations have been the primary means to achieve this accessibility by restricting customers to short term stays, which encourages turnover and making spaces available for more people. Reasonable parking rates are also believed to play a role in whether or not customers will choose to patronize businesses in certain areas. While these concepts tend to be applied universally, it should be noted that the lack of on-street parking is most critical to businesses in areas where off-street parking is not an option and transit service is limited. San Francisco's existing district based zone meter rates demonstrate the relative importance of pricing and parking alternatives. For example, in the zones in the downtown areas where transit service and off-street lots are plentiful rates are significantly higher than in the smaller neighborhood districts.

Transit-First Policy
Another factor to consider when evaluating parking and pricing policies is the City's "Transit-First" policy adopted by San Francisco voters in 1979, through a Charter Amendment. This policy required that promoting the use of public transportation would be at the core of all land use and transportation planning decisions. In 1999, this Charter provision was amended to include alternative modes of transportation such as walking and biking. This policy is demonstrated in the district based zone meter rate pricing and limited availability of general metered parking in the downtown areas of the City. Higher rates and short time limits are designed to discourage on-street parking and encourage drivers to use off-street lots or refrain from driving altogether. The relative impact of "circling" for parking in heavy transit corridors is extremely high in the downtown areas where dozens of transit lines converge using the same streets as passenger vehicles.

Variable Pricing & Time Limits
Technological advancements have provided significant opportunities to look at meter regulation and pricing much more creatively. Rates can be programmed for different hours, time of day or even length of stay. With flat rates as the only option in the past, demand for parking has been controlled simply by time limits. Utilizing a progressive pricing system, similar to that of parking garages, allows individuals to purchase the amount of time needed to conduct their business. Higher rates as the length of stay increases are used to discourage long term parking. This system provides a much higher degree of flexibility to customers who have different needs. It is important that rates be set in a manner that respects supply and demand and that, for example, are not so low as to attract patrons away from off-street facilities, thereby negatively impacting parking availability and increasing congestion.

Underutilized Parking
Much of the discussion related to on-street parking focuses on those areas where demand regularly exceeds availability. In some areas of the City, however, on-street meter spaces are significantly underutilized. In the South of Market area, for example, restricting long-term parking was successful in discouraging commuter parking but left stretches of street space underutilized. This situation demonstrates a tension between the competing goals of revenue generation and the City's "Transit-First" policy. The economic model that determines parking prices in heavily congested and dense areas of the City are too low, would also conclude that underutilization is caused by pricing and restrictions that do not match actual demand. It would follow that charging for long term parking at the meters would generate additional revenue. Historically, the City has not provided for long term parking at its metered spaces, however, this policy could be considered in areas in non-transit corridors if priced to encourage non-peak driving. For example, Terry Francois and Illinois Streets are non-transit streets in less congested areas of the City on which Port staff believe commuters park for free all day. They would make good candidates for long-term parking at meters.

Recommended Next Steps

Port and MTA staff recommend that the results from the Port's On-street Parking study be presented to the MTA Commission, a Committee of the Board of Supervisors, as well as to the Port's Citizen Advisory Committees. All presentations should be completed by June 2007 following which Port staff will return to the Port Commission. Depending on direction received, the Port and MTA staff will (1) request authorization to issue a Request for Proposals (RFP) to purchase paystations to replace the single space meters in the four zones proposed in this report; and (2) prepare the required legislation to establish the 2-year pricing study in four zones. The RFP will include desired paystation features that Port and MTA staff have compiled during the pilot study based on personal observations and customer feedback.

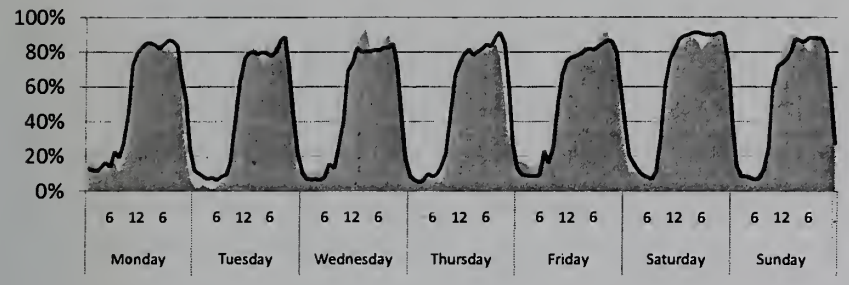
Conclusion

This pilot study has provided the Port and the MTA with valuable data to help it understand on-street parking behavior. With this information, we should be able to establish prices for the Port's and MTA's parking meters that better match demand for the parking spaces while meeting the City's Transit First policy goals as well as the requirements of the City's commercial districts for available on-street parking.

We want to thank the five vendors - Cale/8d, Digital, Duncan, Parkeon and Photo Violation - who graciously demonstrated their paystations for three months on Port property at no cost to the Port. We also want to thank the steering committee members who gave hours of their time to review the pilot study data and paystation technology that helped us identify desirable paystation features and pricing methodologies. And finally, we want to thank the users of these parking spaces for participating in this study.

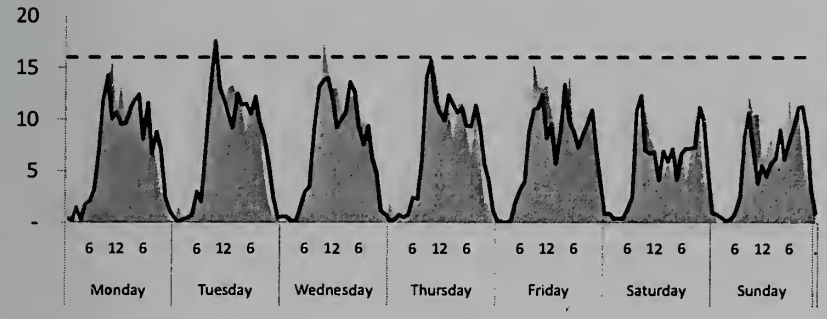
Attachment 1

Blockface Summary Report — Jefferson0ODD



Occupancy

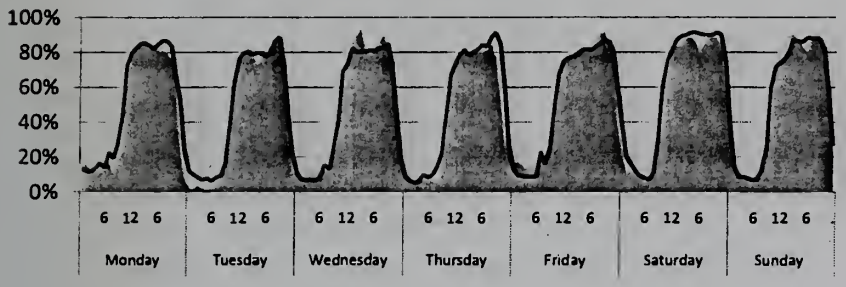
Average / Day	24 hrs	Meter Hrs
Study	48%	65%
Baseline	52%	68%



Turnover (New Arrivals)

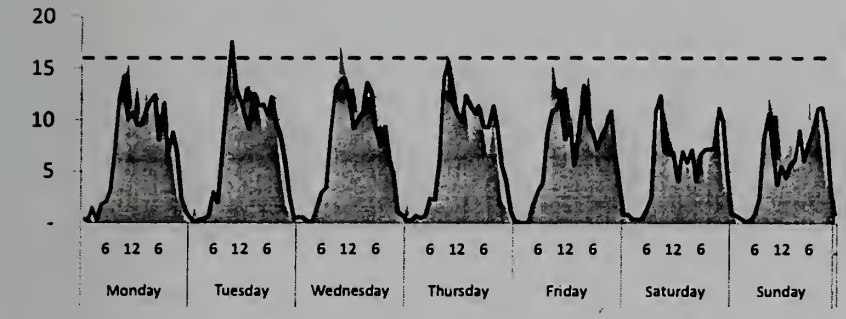
Avg / Space	Any Day	Week Day
Study	9.5	10.1
Baseline	9.8	10.5
Spaces	16.0	16.0

Blockface Summary Report — Jefferson0ODD



Occupancy

Average / Day	24 hrs	Meter Hrs
Study	48%	65%
Baseline	52%	68%

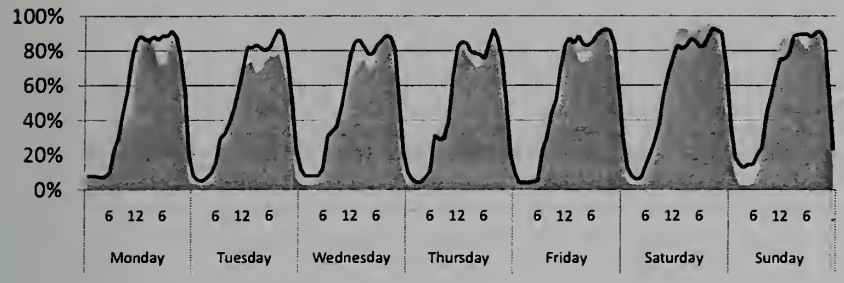


Turnover (New Arrivals)

Avg / Space	Any Day	Week Day
Study	9.5	10.1
Baseline	9.8	10.5
Spaces	16.0	16.0

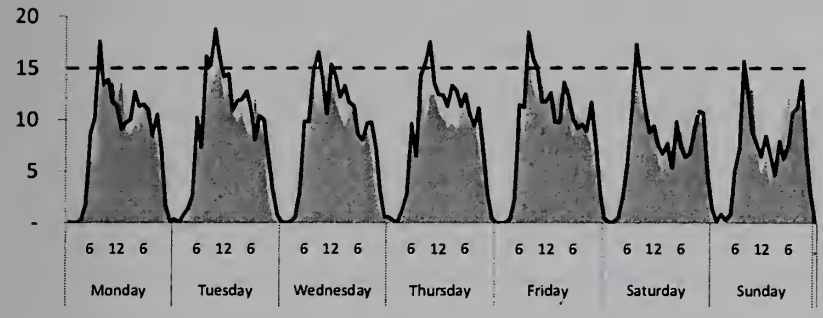
Blockface Summary Report

Jefferson100Odd



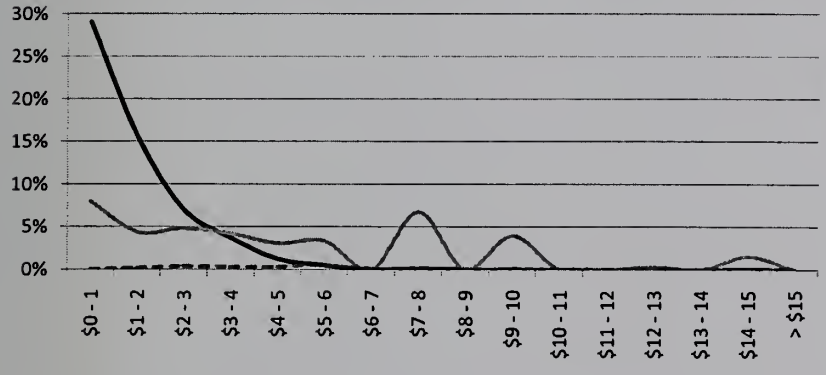
Occupancy

Average / Day	24 hrs	Meter Hrs
Study	48%	66%
Baseline	54%	71%



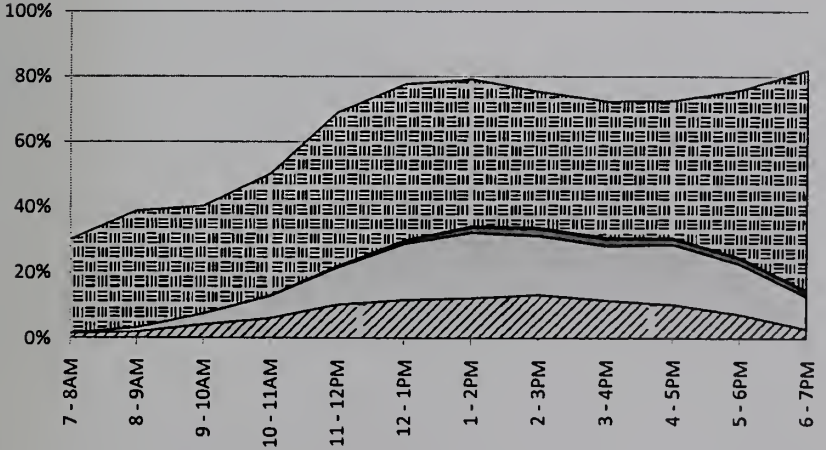
Turnover (New Arrivals)

Avg / Space	Any Day	Week Day
Study	11.3	11.8
Baseline	12.9	13.8
Spaces	15.0	15.0



Payments by Type and Amount

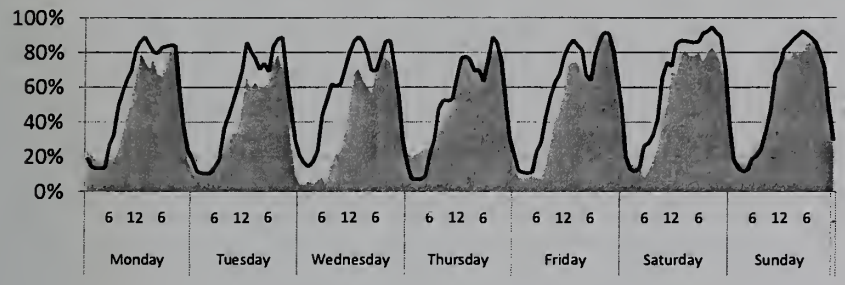
Type	% TranX	% Dollars
Cash	58%	28%
Credit Card	40%	69%
Mixed	2%	3%



Metered Hour Usage

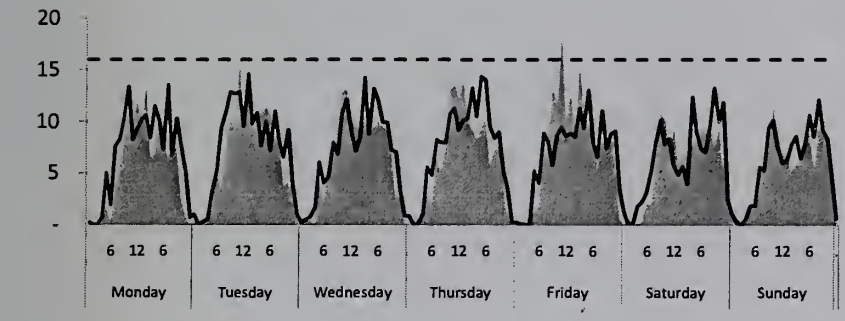
Type	% of Total
Unpaid (No DP)	43%
$5/hr	0%
$4/hr	1%
$3/hr	11%
Unpaid (DP)	8%
Total	64%

Blockface Summary Report — Jefferson200ODD



Occupancy

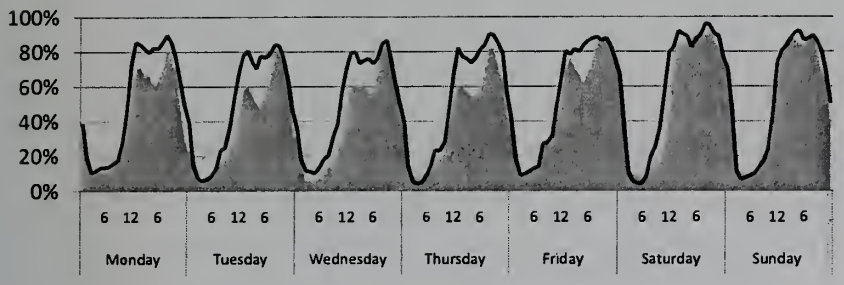
Average / Day	24 hrs	Meter Hrs
Study	47%	59%
Baseline	56%	71%



Turnover (New Arrivals)

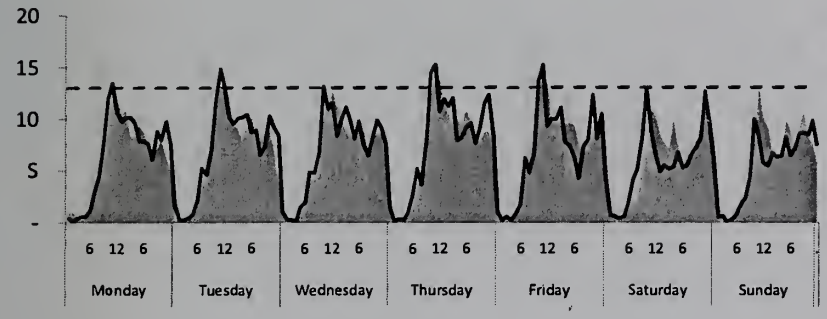
Avg / Space	Any Day	Week Day
Study	9.0	9.4
Baseline	10.2	10.7
Spaces	16.0	16.0

Blockface Summary Report — Jefferson300ODD



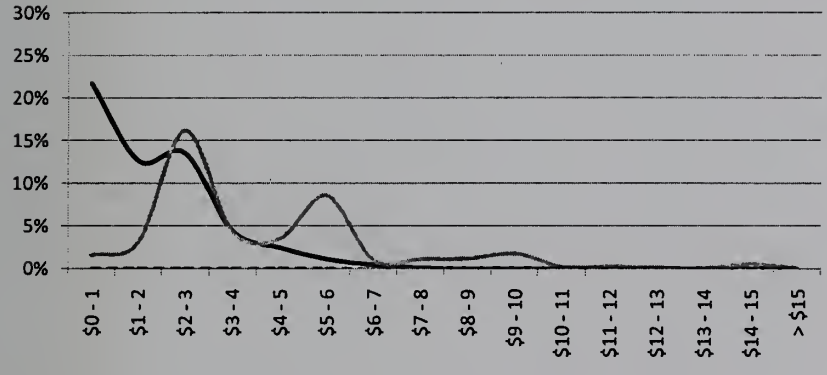
Occupancy

Average / Day	24 hrs	Meter Hrs
Study	45%	S1%
Baseline	53%	64%



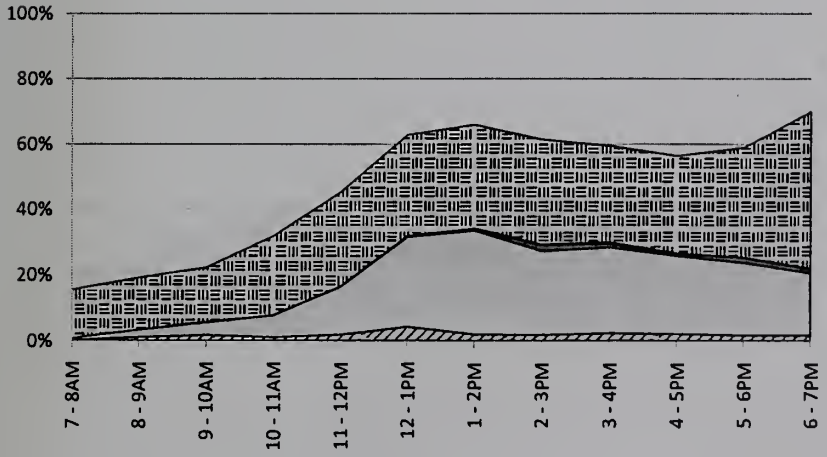
Turnover (New Arrivals)

Avg / Space	Any Day	Week Day
Study	11.7	12.0
Baseline	12.2	12.9
Spaces	13.0	13.0



Payments by Type and Amount

Type	% TranX	% Dollars
Cash	57%	35%
Credit Card	43%	65%
Mixed	0%	0%

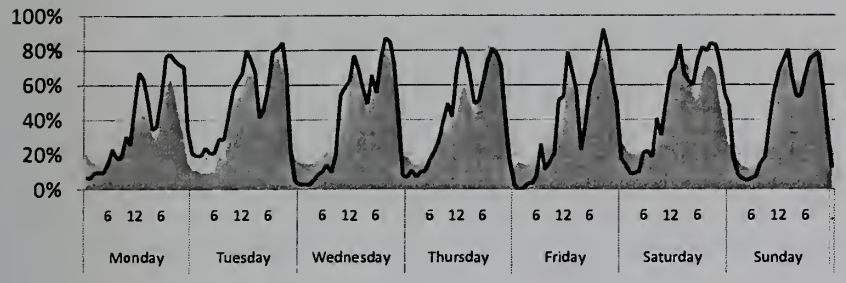


Metered Hour Usage

Type	% of Total
Unpaid (No DP)	28%
$5/hr	0%
$4/hr	1%
$3/hr	17%
Unpaid (DP)	2%
Total	47%

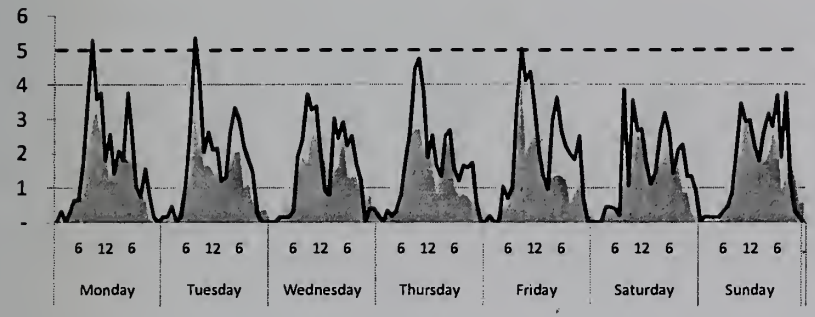
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Battery1300Even



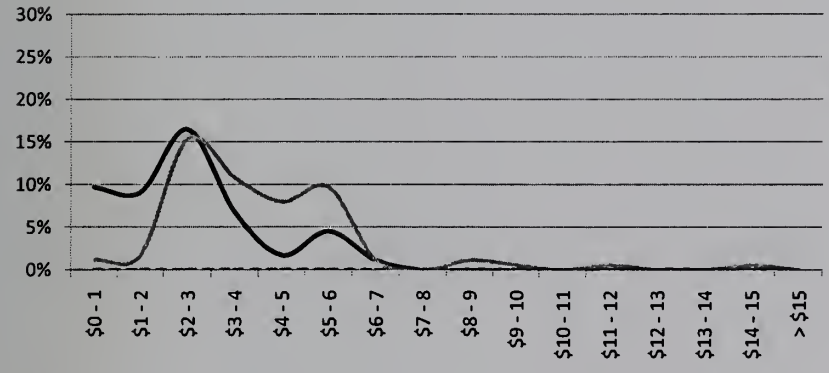
Occupancy

Average / Day	24 hrs	Meter Hrs
Study	40%	48%
Baseline	43%	53%



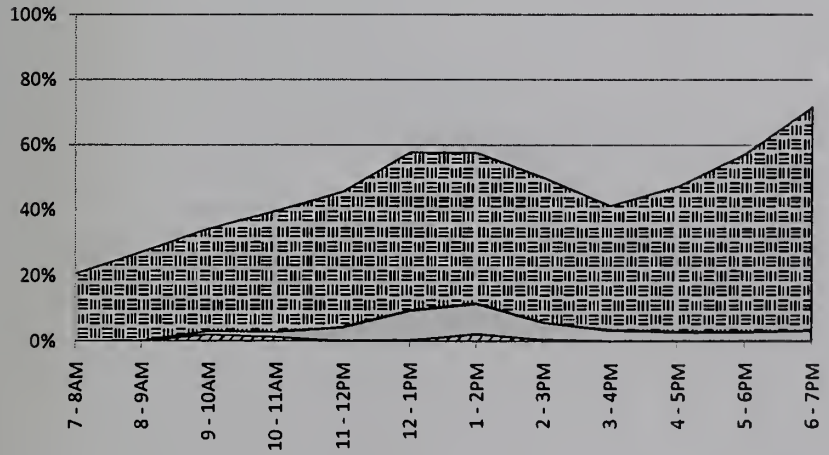
Turnover (New Arrivals)

Avg / Space	Any Day	Week Day
Study	5.5	5.5
Baseline	7.9	8.1
Spaces	5.0	5.0



Payments by Type and Amount

Type	% TranX	% Dollars
Cash	49%	37%
Credit Card	51%	63%
Mixed	0%	0%

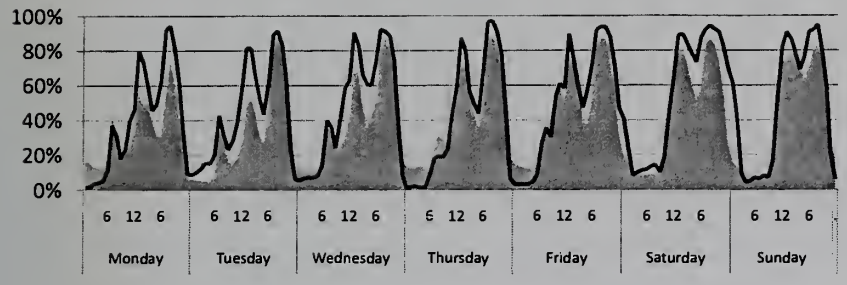


Metered Hour Usage

Type	% of Total
Unpaid (No DP)	42%
$5/hr	0%
$4/hr	0%
$3/hr	4%
Unpaid (DP)	1%
Total	46%

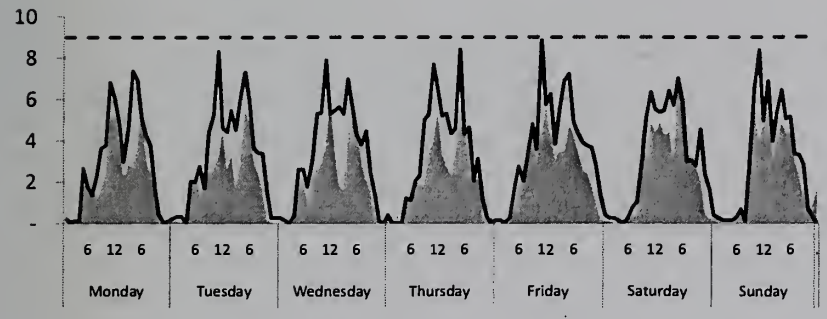
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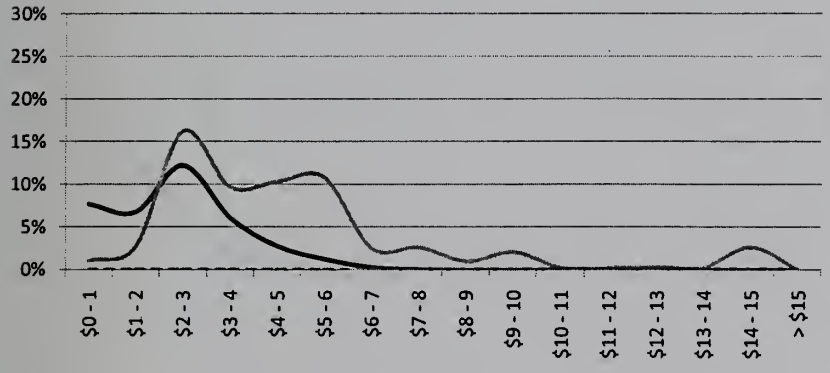
Occupancy

Average / Day	24 hrs	Meter Hrs
Study	39%	47%
Baseline	46%	58%



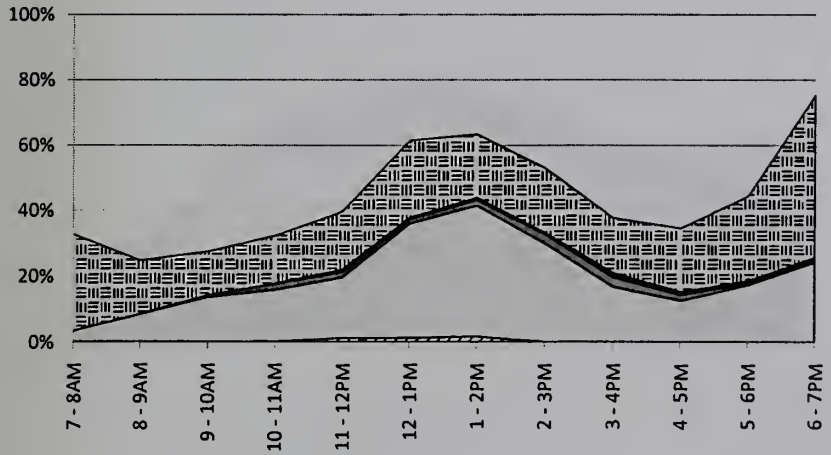
Turnover (New Arrivals)

Avg / Space	Any Day	Week Day
Study	5.8	5.7
Baseline	8.5	8.7
Spaces	9.0	9.0



Payments by Type and Amount

Type	% TranX	% Dollars
Cash	37%	22%
Credit Card	63%	78%
Mixed	0%	0%

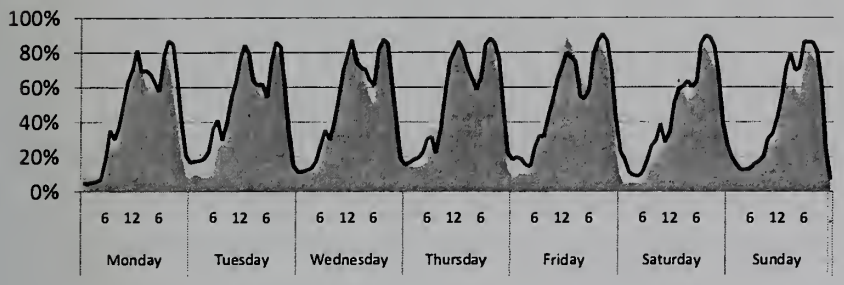


Metered Hour Usage

Type	% of Total
Unpaid (No DP)	22%
$5/hr	1%
$4/hr	1%
$3/hr	20%
Unpaid (DP)	0%
Total	44%

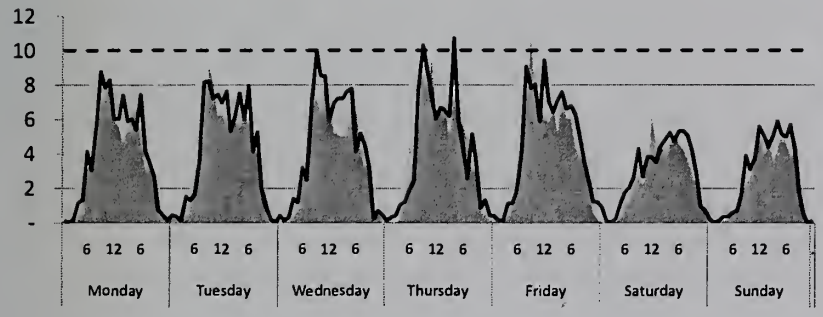
Blockface Summary Report

Montgomery1700EVEN



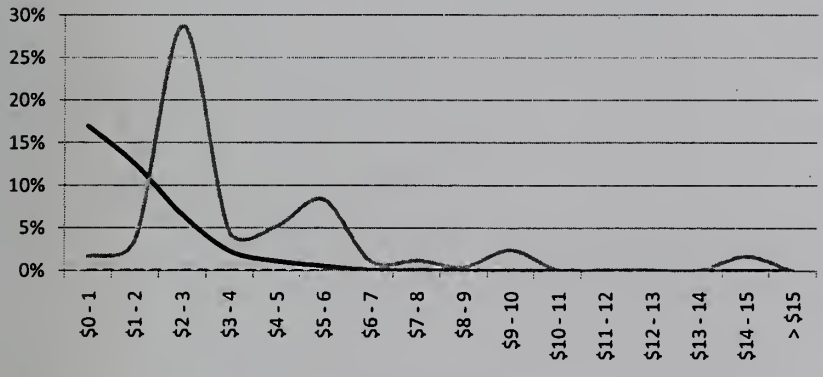
Occupancy

Average / Day	24 hrs	Meter Hrs
Study	44%	57%
Baseline	49%	60%



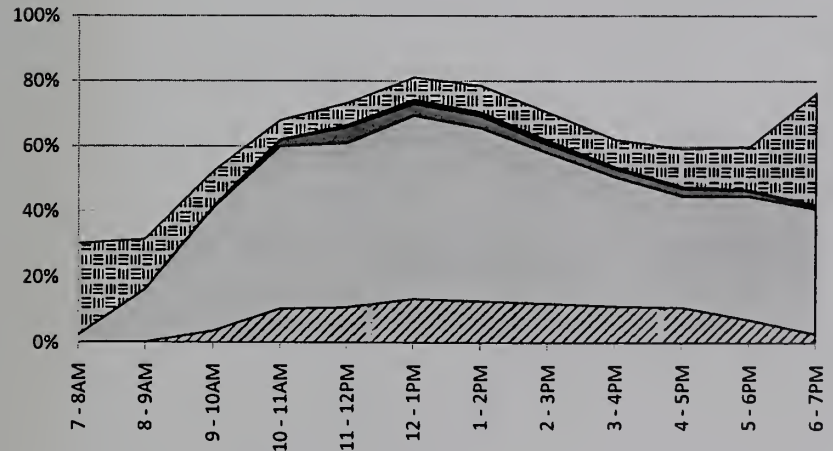
Turnover (New Arrivals)

Avg / Space	Any Day	Week Day
Study	8.0	8.9
Baseline	9.3	10.3
Spaces	10.0	10.0



Payments by Type and Amount

Type	% TranX	% Dollars
Cash	40%	20%
Credit Card	60%	80%
Mixed	0%	0%

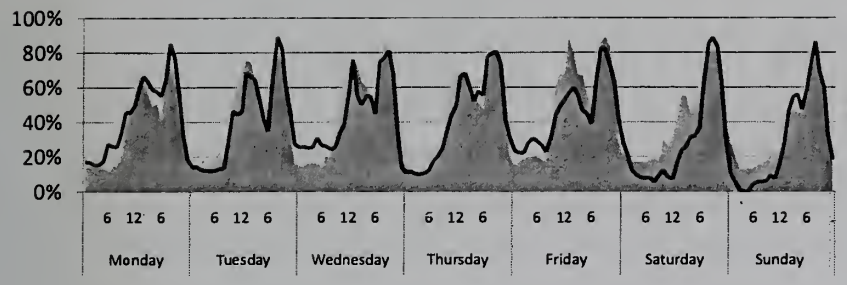


Metered Hour Usage

Type	% of Total
Unpaid (No DP)	13%
$5/hr	1%
$4/hr	2%
$3/hr	38%
Unpaid (DP)	8%
Total	62%

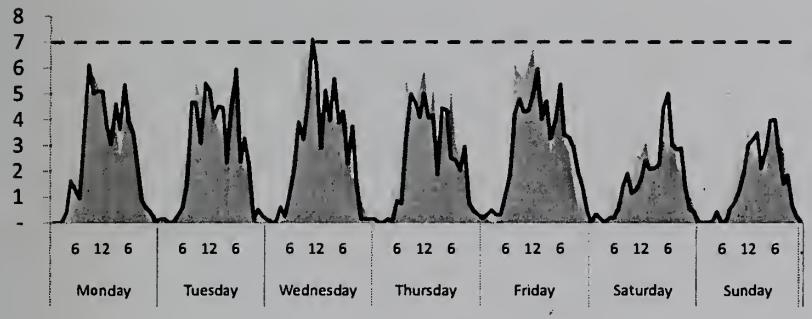
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Montgomery1700ODD



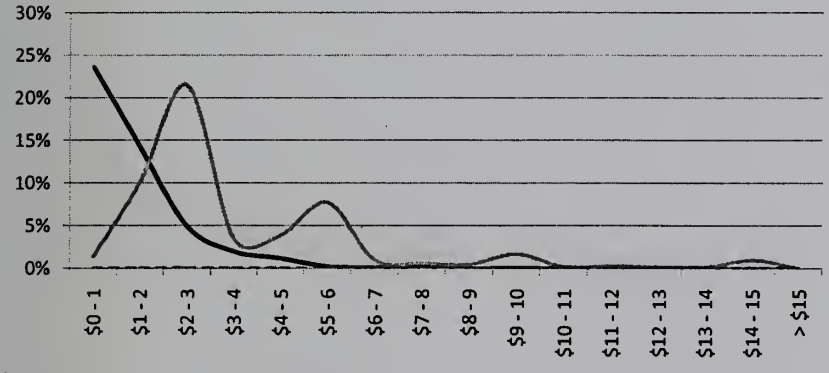
Occupancy

Average / Day	24 hrs	Meter Hrs
Study	41%	50%
Baseline	39%	43%



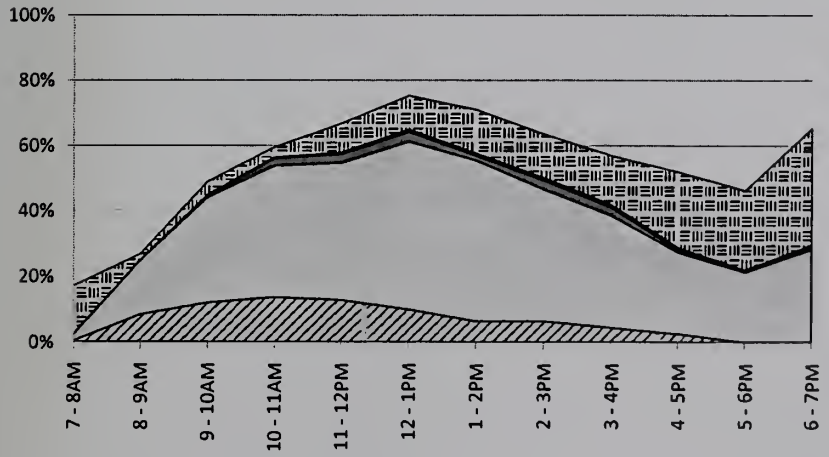
Turnover (New Arrivals)

Avg / Space	Any Day	Week Day
Study	8.1	9.2
Baseline	7.7	8.7
Spaces	7.0	7.0



Payments by Type and Amount

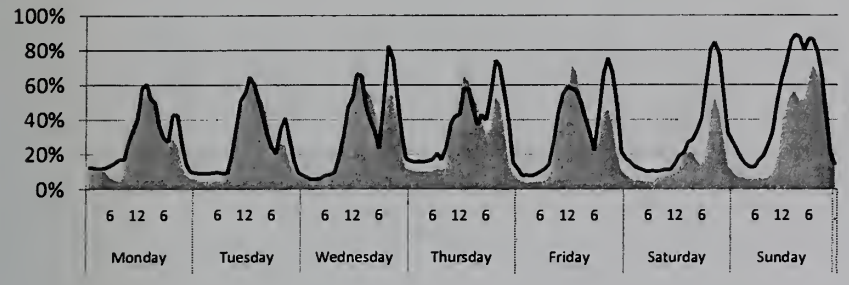
Type	% TranX	% Dollars
Cash	46%	22%
Credit Card	54%	78%
Mixed	0%	0%



Metered Hour Usage

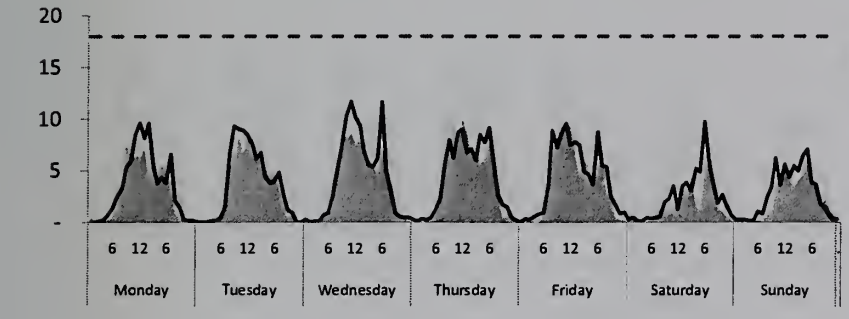
Type	% of Total
Unpaid (No DP)	14%
$5/hr	0%
$4/hr	2%
$3/hr	32%
Unpaid (DP)	6%
Total	54%

Blockface Summary Report — Chestnut0EVEN



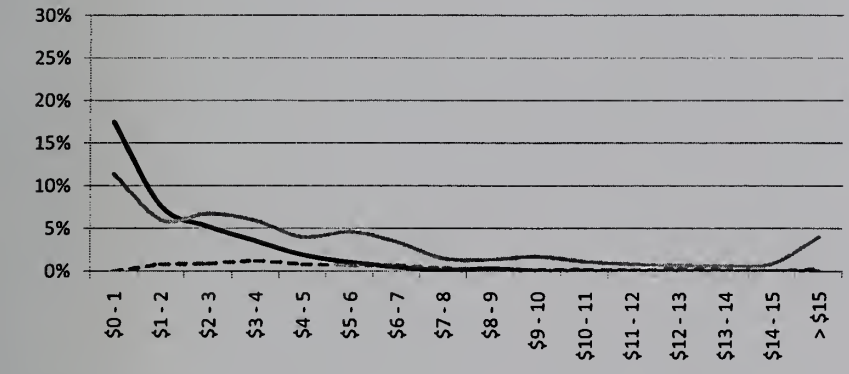
Occupancy

Average / Day	24 hrs	Meter Hrs
Study	26%	36%
Baseline	34%	41%



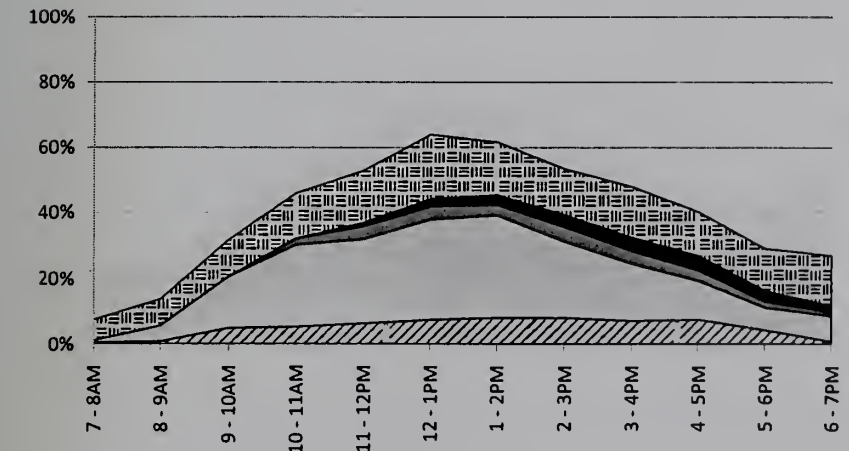
Turnover (New Arrivals)

Avg / Space	Any Day	Week Day
Study	3.9	4.5
Baseline	4.8	5.3
Spaces	18.0	18.0



Payments by Type and Amount

Type	% TranX	% Dollars
Cash	38%	16%
Credit Card	55%	75%
Mixed	7%	9%

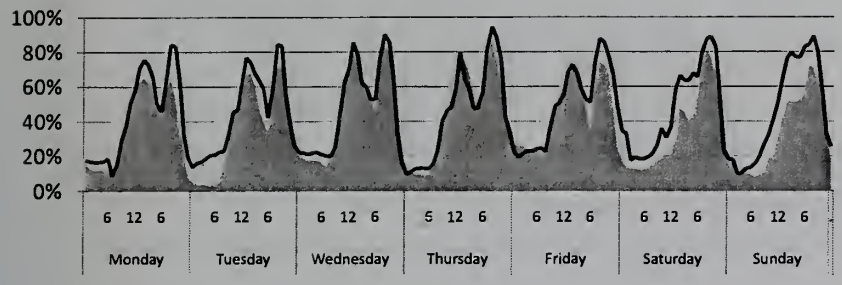


Metered Hour Usage

Type	% of Total
Unpaid (No DP)	13%
$5/hr	2%
$4/hr	2%
$3/hr	17%
Unpaid (DP)	5%
Total	40%

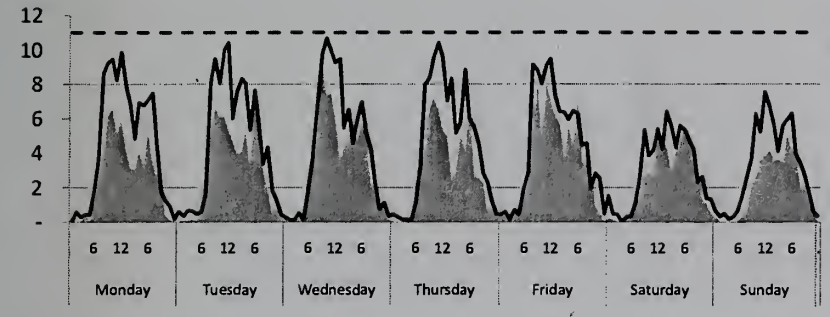
Blockface Summary Report

Francisco0ODD



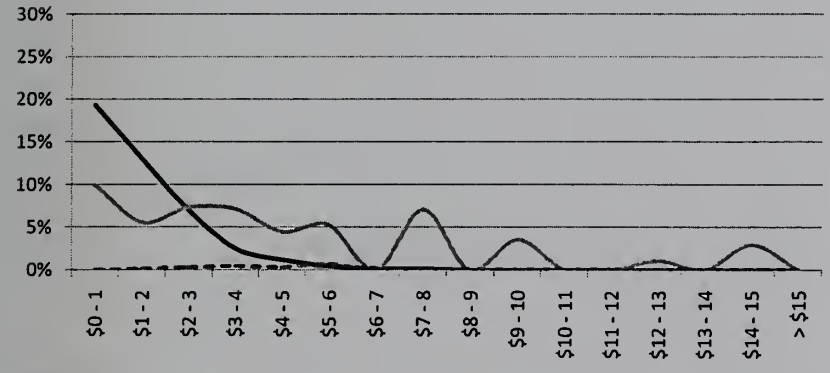
Occupancy

Average / Day	24 hrs	Meter Hrs
Study	38%	47%
Baseline	46%	55%



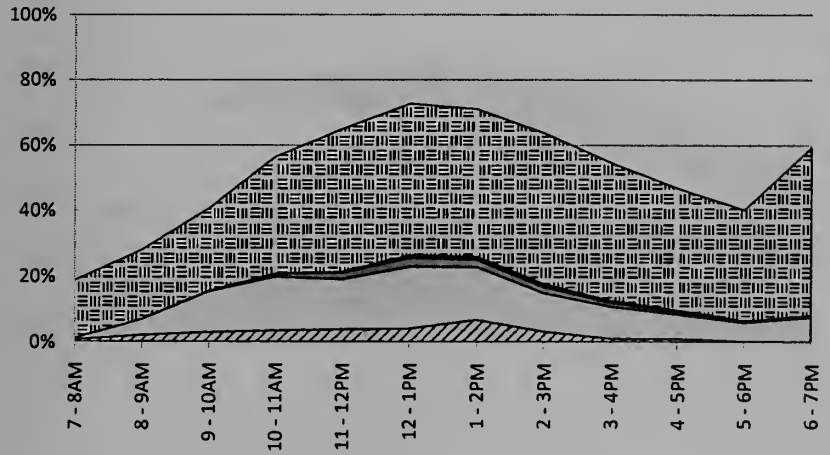
Turnover (New Arrivals)

Avg / Space	Any Day	Week Day
Study	6.1	6.6
Baseline	9.0	9.9
Spaces	11.0	11.0



Payments by Type and Amount

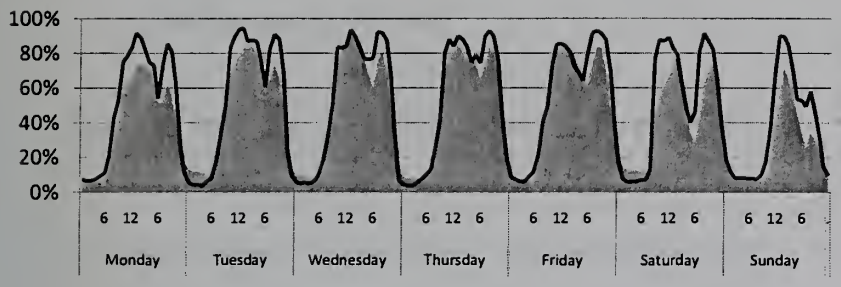
Type	% TranX	% Dollars
Cash	44%	19%
Credit Card	54%	78%
Mixed	2%	3%



Metered Hour Usage

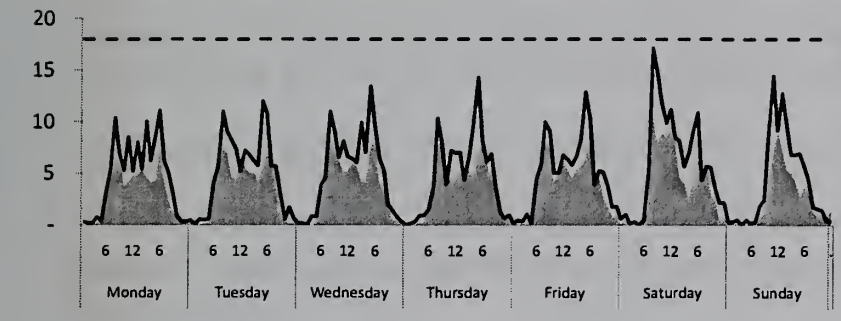
Type	% of Total
Unpaid (No DP)	37%
$5/hr	0%
$4/hr	1%
$3/hr	10%
Unpaid (DP)	2%
Total	51%

Blockface Summary Report — Embarcadero200EVEN



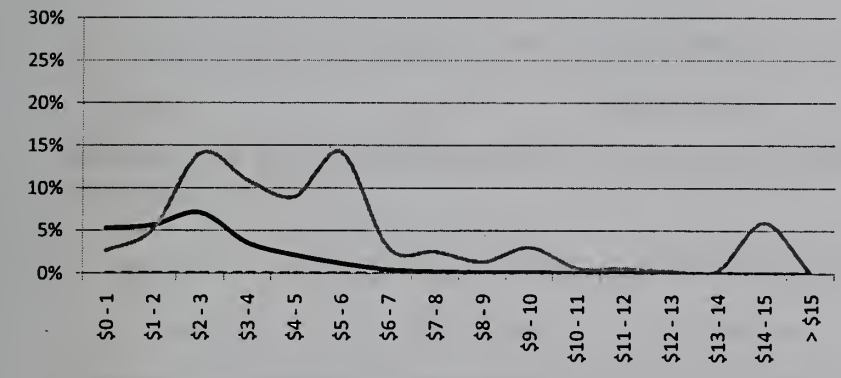
Occupancy

Average / Day	24 hrs	Meter Hrs
Study	43%	60%
Baseline	50%	71%



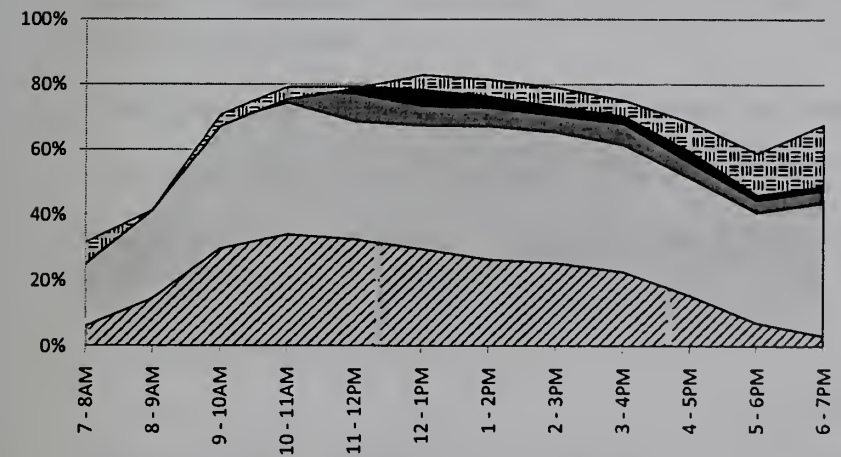
Turnover (New Arrivals)

Avg / Space	Any Day	Week Day
Study	4.5	4.6
Baseline	6.6	6.5
Spaces	18.0	18.0



Payments by Type and Amount

Type	% TranX	% Dollars
Cash	26%	14%
Credit Card	74%	86%
Mixed	0%	0%



Metered Hour Usage

Type	% of Total
Unpaid (No DP)	5%
$5/hr	2%
$4/hr	4%
$3/hr	36%
Unpaid (DP)	20%
Total	67%

Attachment 2: Port Pilot Parking Meter Project User Survey Results

The following are the survey questions and summary of the answers:

1. **How did you pay for parking?**

☐ Coins ☐ Credit Card

Results: 56% paid by credit card and 44% paid by coin.

2. **How would you describe the pay station user instructions?**

☐ Easy to follow ☐ Manageable ☐ Difficult

Results: 90.7% of those paying with coins found it manageable or easy to follow. 68.4% of those paying with a credit card found it manageable or easy to follow.

3. **If you used a credit card or tried to use a credit card, how easy was the payment process?**

☐ Easy To Follow ☐ Manageable ☐ Difficult

Results: 31.4% didn't respond, 50% found it easy to follow or manageable, and18.6% found it difficult.

4. **Do you like this payment method better that an individual coin-only parking meter?**

☐ Yes ☐ No ☐ No Preference

Results: 54% liked this method better, 22.3% had no preference, and 23.7% didn't like this method more.

5. **What is your opinion about the distance between the pay station and your parking space?**

☐ Convenient ☐ Acceptable ☐ Too Far

Results: 51% thought it was acceptable, 38.2% thought it was convenient, and 10.8% thought it was too far.

6. **How easy was it to identify and remember the space number where you parked?**

☐ Easy ☐ Moderate ☐ Difficult

Results: 2% didn't respond, 9.8% thought it was difficult, 65.7% thought it was easy and 22.5% thought it was moderately easy.

7. **Do you like the look of the pay station?**

☐ Yes ☐ No ☐ No Opinion

Results: 2% didn't respond, 70.6% liked the look of the paystation, 4.9% didn't like the look of the paystation, and 32.4% had no opinion.

8. **Would you still choose to park at the curb for three or more hours if it cost more than parking in a nearby parking garage?**

☐ Yes ☐ Maybe ☐ No

Results: 2% didn't respond, 32.4% said yes, 34.3% said maybe, and 31.4% said no.

PORT OF SAN FRANCISCO

MEMORANDUM

March 22, 2007

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation on the Status of Contract 2708, Wharf J10 and Fishery Building Demolition Project

DIRECTOR'S RECOMMENDATION: INFORMATIONAL ONLY – NO ACTION REQUIRED

Introduction

This presentation is the second progress report for the Wharf J10 and Fishery Building Demolition Project. The contract was certified on January 12, 2007 and Port staff issued the Notice to Proceed to Contractor (Zaccor Companies Inc.) on January 15, 2007. Contractor completed the submittal of all technical submittals on March 15, 2007. Port staff conducted a town hall meeting with Fisherman's Wharf tenants on March 21, 2007 to discuss the demolition plan and site mitigation plans that address the mitigation measures identified by the final EIR adopted by the Port. The project approach has been accepted by the impacted community as a viable way to remove the deteriorating maritime structure.

Background

The Port Commission authorized Staff to award Contract No. 2708 – Wharf J10 and Fishery Building Demolition Project to Zaccor Companies, Inc. on December 12, 2006 under Resolution No. 06-88. The Contract was certified on January 12, 2007. The Official Notice to Proceed (NTP) was issued on January 15, 2007 with a contractual duration of 180 calendar days for contractor to achieve substantial completion. Contractor is scheduled to achieve final completion on August 12, 2007, 30 days following the substantial completion date.

Currently, Contractor has submitted all twelve required technical submittals to the Port for approval on schedule as outlined in the Contract. Eleven of the technical submittals have been

This Print Covers Calendar Item No. 10A

approved on March 15, 2007 by Engineering staff. The remaining submittal will be field verified by Port staff prior to the final approval. Port staff conducted a town hall meeting with impacted tenants and concerned community members on March 21, 2007. During the meeting, Contractor presented the proposed demolition and site mitigation plans to the tenants. Port Staff and Contractor also answered questions on these technical submittals and requisite mitigation measures identified in the EIR. Questions raised by tenants included (1) demolition and off-haul methods, (2) dust and noise control plan, (3) air monitoring plan, (4) impact of truck route, (5) excavation of contaminated soil and hazardous material handling plan, and (6) pest control prior to the commencement of the demolition work. Port staff and Contractor addressed those issues through reference to the project manual and the approved technical submittals to the satisfaction of the community members except for the pest control issue. It was decided that pest control will be handled by the Port's pest control contractor before demolition begins and the Contractor will apply necessary measures once work begins.

Questions were raised about future re-build alternatives for the wharf J-10 site. Port staff noted that the final Environmental Impact Report for J-10 Wharf Demolition and Improvement did mention the option of re-building Wharf J-10. Port Staff also noted that the Port does not have a development plan in hand nor a budget in the Port's Capital plan to rebuild Wharf J-10.

The final approval for all technical submittals is planned for March 30, 2007 contingent upon the approval of the pollution plans by the Regional Water Quality Control Board. Contractor could proceed with their field mobilization and demolition work as early as April 2, 2007.

Construction Schedule

The project schedule is summarized below:

	Original Plan	Revised Plan	Actual Date
(1) Official Notice to Proceed	1/15/07	-	1/15/07
(2) Completion of Submittal process	3/15/07	3/30/07	
(3) Completion of Demolition work	5/30/07		
(4) Substantial Completion of project	7/13/07		
(5) Final completion of Project	8/12/07		

Funding

The $1,100,680 project budget, including a 10% contingency ($100,062), is fully advanced from the following Port capital project funds:

(1) CPO730 (Fisherman's Wharf J10)	$697,000
(2) CPO741 (Pier Repair)	$39,006
(3) CPO756 (Seawall & Wharf Repair)	$364,674
Total:	$1,100,680

In 2002, the Superior Court awarded F. Alioto Company (Alioto) breach of lease damages, including $2,800,000 based on the cost of reconstructing the Alioto's premises at Wharf J-10. The Port and Alioto are in discussions about the payment of the demolition. Presently, no additional change order work is anticipated for this project.

Summary

Port staff will assure compliance with all contract requirements as the project proceeds to completion. Contract record documents such as daily and weekly progress reports have been prepared to assist staff in this quality assurance effort. Port staff will manage and monitor the progress of the project to ensure the Contractor's full compliance with the contract documents. Staff will continue to inform community members of the progress during the course of the construction, through written newsletters and monthly community meetings. Port staff will provide periodic updates to the Port Commission. Staff expect the next update to occur at the May 8, 2007 Port Commission meeting.

Prepared By: Bill Lau, Resident Engineer

For: Edward Byrne, Chief Harbor Engineer

SAN FRANCISCO
PORT COMMISSION

MARCH 27, 2007
MINUTES OF THE MEETING

55
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1/27/07

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MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE REGULAR MEETING
TUESDAY, MARCH 27, 2007

1. CALL TO ORDER / ROLL CALL

Commission President Ann Lazarus called the meeting to order at 2:05 p.m. The following Commissioners were present: Ann Lazarus, Kimberly Brandon and Rodney Fong. Commissioner Michael Hardeman arrived at 2:15 p.m.

2. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Commissioner Lazarus deferred the announcement until the Commission reconvenes in open session.

3. APPROVAL OF MINUTES - March 13, 2007

ACTION: Commissioner Brandon moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor; the minutes of the March 13, 2007 were adopted.

4. PUBLIC COMMENT ON EXECUTIVE SESSION

5. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor.

The Commission Secretary announced that Item 2b (Piers 27-31) has been taken off the calendar.

At 2:08 p.m., the Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS (DISCUSSION & ACTION ITEMS).

a. Discuss existing litigation matters pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code section 67.10(d):

- Specialty Crushing, Inc. (debtor) (U.S. Bankruptcy Court, Northern District of California, Oakland Division, Case No. 05-43167) (Discussion Item)

- Platte River Insurance Company v. City and County of San Francisco (San Francisco Superior Court Case No. CGC-05-446355) (Discussion Item)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Pier 70
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*BAE Systems: Ira Maybaum

b. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*SF Piers LLC: Tom Hart and Rocky Fried
This item has been taken off the calendar.

6. RECONVENE IN OPEN SESSION

At 3:17 p.m., the Port Commission reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any other information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commissioner Lazarus announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. The Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

7. EXECUTIVE

A. Executive Director's Report. Executive Director Monique Moyer reported the following:

- Commissioner Michael Hardeman has been nominated by Mayor Newsom for reappointment to the Port Commission. The Mayor has also nominated Stephanie Shakofsky to fill the seat vacated by Sue Bierman. The appointments could be in front of the Board of Supervisors Rules Committee as early as April 5, 2007 at 10 a.m. Stephanie is the Executive Director of the Center for Creative Land Recycling (CCLR). The CCLR is a statewide non-profit organization dealing with land use and development issues. They focus on community revitalization. They do a lot of brownfield work. She also has held several other positions. She was the executive

director of the Middlesex County Soil and Water Conservation District in Connecticut. She was a committee consultant to the California State Assembly Environmental Safety and Toxics Committee. She was a research hydrologist for the United States Geological Survey, Water Resources Division in Menlo Park. She has a bachelor's of science and masters of science in geology. A lot of people in San Francisco know her from her volunteer work with the CA Environmental Revitalization Fund. We are looking forward to having her on the Port Commission. The Mayor nominates and the Board of Supervisors confirms her appointment. If she is confirmed, the earliest she would be able to join us would be in May.

- Seatrade Cruise Shipping Convention – March 12-16, 2007 – Peter Dailey, Michael Nerney and she attended the Annual Seatrade Conference, the conference for the cruise industry. All of the world convenes in Miami Beach for this conference such as the Port Directors from Dublin, Ireland; Cork, Ireland; Haiti, etc. It is like no other convention she has ever experienced. The best way she can describe it is that the exhibit hall is definitely amplified. Most of the countries come and they have exhibit booth that are as big as anyone's office or even larger. They spent a lot of money to promote their product. All of the officials from the cruise industry are present. The Port of San Francisco shared a booth with some of our sister ports in California. There are Irish dancers, Italian café mochas, Chinese egg rolls and all kinds of gimmick that go on in an effort to capture the cruise business. It's quite a treat to go and see the frenzy of it. In addition, there's a lot of conversation about where the cruise ship industry is headed. There's a lot of discussion about the Panama's plans to enlarge the canal which effectively means creating a second passage way. There was a lot of conversation about the growth of the Asia market for cruise and the demographics of the cruise business. Currently, Americans account for $10 billion of the industry. There is an expectation that Europe is going to grow exponentially for about $3 billion. After that, we will see tremendous growth from China and thereafter, India. The cruise industry is extremely bullish, primarily in Europe but there is discussion about the viability of the West Coast for post Panama ships and thereafter if the Panama Canal expansion goes through.

- American Association of Port Authorities Spring Conference and Board Meeting – March 19-21, 2007 – This was a very important meeting. Secretary Chertoff and Admiral Allen from the Coast Guard attended the various aspects of the meeting. There was a lot of discussion particularly as it relates to security in the industry but also the ongoing discussion that the maritime industry, ports in particular, are economic engines for their regions and it's important that we don't lose sight of how important that is in the world's trade particularly as China and other nations are growing exponentially.

- San Francisco Business Times Real Estate Deals of the Year Awards – March 22, 2007 – The Piers 1½, 3 and 5 project won an award from the San Francisco Business Times as the best San Francisco Rehabilitation Deal of 2006. There were 150 nominations for lease or development transactions, which resulted in 400 pages for each of the judges to study and read. The criteria is that the transactions, if they are a lease transaction have to closed in 2006 and if they are a development transaction, they have to have been completed in 2006. The projects are eligible from 5 counties:

San Francisco, San Mateo, Marin, Contra Costa and Alameda plus the City of Palo Alto which is in Santa Clara County. To be selected as one in 8 categories was a tremendous acknowledgement of not only the efforts of the Port but the efforts of the developer and its team. Commissioners Brandon and Fong were able to attend the event with Port staff and the developer. It was quite a nice occasion. The project was recognized primarily for its restoration of the historic bow arch structures for the one acre of public access and for bringing back the colorful maritime history of the pier. We are anxiously looking forward to having the project completed in terms of having it utilized by restaurants. The office space is quickly becoming utilized. We're starting to see more and more pedestrian traffic there. She thanked Byron Rhett, Bijal Patel, Jennifer Sobol, Diane Oshima and everybody that worked on the project for a job well done! What a great opportunity to be recognized in perpetuity. Congratulations to all and to the Commission, particularly Commissioners Hardeman and Brandon for having the foresight to approve the development project way back when.

- Dedication of the Fisherman's Wharf Seaman's Memorial Chapel – March 30, 2007 at 12 noon at Pier 45 – As you may recall, there was a fundraising effort to revitalize the chapel which included the installation of a campanile which plays a long laundry list of songs which will rival the Ferry Building tower songs. The dedication of the chapel will take place on Friday, March 30, 2007 at 12 p.m. Mayor Newsom will be attending. It will be a great celebration of thanks to not only the fishermen who have dedicated their lives to the San Francisco waters but also to the great craftsmen who built Fisherman's Wharf and enhanced it with the chapel.

- One of the Street Entertainers in Fisherman's Wharf appeared before the Police Department Commission to bring to their attention some concerns he has with respect to the relationship between the San Francisco Police and the Street Performers in Fisherman's Wharf. There are a lot of activities in the area. There are some people who are illegally selling their wares. There's a lot of impasse that gets created during high traffic times so that pedestrians are forced to walk out into the sidewalk. Port staff have been working internally with the community on new guidelines for managing that aspect. Apparently, at a late January meeting of the SFPD, one of our constituents brought forward our draft plan. SFPD Commission has seen the draft plan but unfortunately, the Port Commission have not. It's certainly far from complete but she wanted to apprise the Port Commission that conversation is happening. It is of interest not only to the Port Commission but also to the Police Commission and the Board of Supervisors. Port staff will report to the Port Commission as soon as we can with a more concrete plan and ideas of how we can marry our needs with freedom of speech and freedom of access needs as well. Port staff and Commission have looked at this in terms of policy ten years ago. Ultimately, it did not adopt one because of the complexities. We think we have a plan that can work for everybody.

- Tenant Project Repair Costs associated with the Facility Assessment Program – Uday Prasad will respond to a question that Commissioner Fong raised at the last Commission meeting related to the presentation on the facility assessment program. Specifically, Commissioner Fong inquired as to what tenant paid work has been done as a result of the facility assessment program. Commissioner Fong indicated that his

question was the ratio of capital funds from tenants and the ratio of Port's capital funds. Mr. Uday Prasad, Senior Civil Engineer, provided the Commission a copy of the Tenant Repair Projects initiated by the Facility Assessment Program. The first project on the list was substructure deck and pile repair for the Fisherman's Wharf J1 and J3 repairs. Out of the total construction cost of $1.4 million, the Port paid about $900,000. The Port paid 100% of the substructure deck and pile repair for the Pier 43½ parking lot repair costs. So far since the program started, the tenant has spent about $1.12 million for the Pier 39 substructure deck, piles and seawall repairs. The tenant is allowed rent credit of about $100,000 every year for the seawall repairs (adjusted annually by CPI). For 2006, the rent credit allowance was $133,028.97. Other small projects are Cal ShellFish at Wharf J9 which tenant paid 100%. The also tenant paid 100% of the Pier 23 substructure deck and pile repair costs.

- Commendation for Deputy City Attorney Bijal Patel – Ms. Moyer indicated that it is not with pleasure that we commend our friend Bijal Patel who is going off to greener pastures. Robert Bryan, Port General Counsel, indicated that it is with sadness that Bijal Patel has announced that she will be leaving the legal office which will be a great loss to the City Attorney's office and to the Port family. It's a time that he wished he could turn back and jump over and never have to confront. Bijal joined the City Attorney's office in March 2001. She came to the office as a perfect fit for the Port's legal team. In addition to a JD, Bijal, a Full Bright Scholar, brought a masters of City Planning and an experienced tax accountant with Deloitte & Touche to the team. Her training and acumen were well suited to the Port's efforts to improve the waterfront while needing to secure the full benefit of each dollar spent. Bijal's passion for real estate development, public policy, and the Port can only be matched by those who are truly devoted to public service. He's only had the pleasure of working directly with her for the past year but during that time, her love and concern for the Port and its future are shown through very brightly. She's an exceptional, experienced attorney who is also very caring and compassionate. In her time at the Port, she's made very important contributions to the City Attorney's office and the Port such as her work on the Pier 70 Master Plan, the Rincon Restaurant project, Boudin Restaurant in Fisherman's Wharf, the negotiations for the Piers 27-31 Mixed Use Recreation Project and the Piers 30-32 Cruise Terminal project. We are indeed sad to see her go but we look forward to hearing wonderful things about her in the future.

  Commissioner Lazarus read the following excerpts into the record and presented Ms. Patel the proclamation:

  WHEREAS, Bijal Patel has served more than 5 years as a Deputy in the City Attorney's Office, and, during her tenure, has been a truly effective advocate and counselor for the Port, successfully representing the Port Commission in numerous significant real estate transactions and land use projects that have greatly enhanced the economic vitality of the City's waterfront properties and the quality of life for the citizens of our City; and

  WHEREAS, as a Deputy City Attorney, Ms. Patel has demonstrated extraordinary intellect and leadership in advising the Port Commission and the City in the development of public trust properties and in devising creative, practical and effective

solutions that achieve the Port's objectives in complex real estate transactions and in matters of general municipal law; and

WHEREAS, Ms. Patel has distinguished herself among her peers in the area of waterfront development in San Francisco, advancing the Port's interests in relation to the tidelands trust, and historic preservation, particularly in her research which led to the Port's efforts to chart its own course for preserving the extraordinary Union Iron Works buildings, and facilitate its efforts to produce a Master Plan for Pier 70, which will have lasting benefits for the City and Port of San Francisco and,

WHEREAS, Ms. Patel's adherence to the highest standards of ethical conduct has ennobled public service, her strong work ethic has set an example for others, and her legal skills, calm demeanor, and thoughtfulness have inspired the respect of her colleagues, clients and peers; and

WHEREAS, Ms. Patel's colleagues in the City Attorney's Office and Port of San Francisco have valued her for her skill and work proficiency, and for her astute counsel, good judgment, commitment, productivity, perseverance, efficiency, calm demeanor, thoughtfulness, wonderful sense of humor and – most of all – her friendship, and they will dearly miss having her in the Office; now therefore, be it

RESOLVED, that the San Francisco Port Commission hereby commends Bijal Patel for her invaluable service to the Port of San Francisco, the City at large, and its citizens.

Ms. Patel indicated that the work at the Port is so great and so formidable that no one person can deserve any honor because it's really as a team that we work and we accomplish things. It's only with the dedicated Port staff that she's had the honor to work with, her super talented colleagues, and the City Attorney's office and because of them, she has been able to contribute in some small part at projects at the Port. As she was cleaning through a pile of papers in her office yesterday, she came across a chronology of Rincon Park that her predecessor had done. In 1980, the Port Commission had approved the Rincon Park South Beach Plan. 26 years later, in July 2006, she had the pleasure of working on the closings for the final element of that plan which is the Rincon Park Restaurants. She's sure that her predecessors never imagined that it would take a whole generation to fully implement that plan. Without their early efforts, she would have never been able to do her small part on that wonderful waterfront project. She thanked everyone at the Port for allowing her the honor of leaving her own fingerprints in innumerable projects across the waterfront. She hoped that her successors can use those as a guidepost as they helped the Port continue its invaluable mission of protecting the waterfront. It's been a real privilege to work with the Port staff, the Executive Director, the Commission and all of her colleagues at the City Attorney's office. She will miss everyone.

Commissioner Hardeman thanked Michael Nerney for taking a crew from Taipei and Taiwan on a tour of the Port this morning. They were very delighted and they were very influential people that might do some good for the Port.

Commissioner Lazarus indicated that the Port Commission has been receiving some very well put together and timely financial reports. She thanked Tina Olson and her staff who have been supplying them with the information. It allows them to keep track of where we are against budget and a little bit of what the forecast looks like. She wanted to assure staff that the reports are being read and appreciated.

B. Informational presentation by the Department of Emergency Management regarding the City's Emergency Text Message Alerting System.

Monique Moyer, Executive Director, introduced Sarah Tyler, the emergency planner at the Department of Emergency Management. She has been with the city for two years working on this program. This project was launched about six months ago.

Sarah Tyler, Emergency Planner with the Department of Emergency Management, formerly OES, indicated that she's the administrator of the AlertSF System. Currently, the City has a have a couple means of communicating with the public in time of a disaster or emergency. People are probably familiar with the Emergency Alert System if they have a TV or a radio, they've heard a broadcast interrupted or seen something scrolling along the bottom of the screen giving them some sort of warning. In the City, people are probably aware of the outdoor public warning system – the Tuesday at noon siren. The problem they are encountering with those two systems working together was that the Emergency Alert System got people who were watching TV or listening to the radio and the outdoor public warning system got people who are outdoors but what happens if they are not outdoors and they're not listening to the radio or not watching television. Let's say they're inside their house and don't have any idea that anything is going on. AlertSF comes in to attempt to fill in that gap. It is an emergency text alerting system for the public. It's open for anybody who lives in, works in or visits San Francisco. People can choose to register themselves on the AlertSF.gov website. To get the message to people, they provide at the time of registration means of contact. Because this is a text messaging system, they will provide their cell phones that are text messaging capable, text capable pagers and email addresses and any other wireless device like a PDA that is capable of receiving text messages. When people register for the system, they collect a certain amount of information. They are not trying to be a big brother but in addition to the wireless contact information and email address information they are collecting, they want to get a good idea of the information that they might want from them. They ask people for zip codes of interest. The idea behind zip codes of interest is that if someone is interested in things that happened in the outer sunset and the marina but nowhere else in the City, they don't want them to be inundated with messages that don't pertain to them. At the same time, they don't want them to be missing out on things that are happening specifically in their neighborhoods. When people register, they are asked to think about where they live or work, where their children might go to school, etc. Along the same lines, they asked for addresses of interest to be a little bit more specific. The idea is that down the line if there was a gunman on the loose in the outer sunset they can notify people who are interested in that area either by choosing the zip code that corresponded with that area or by choosing the central point at which the incident was occurring and drawing a circle, a

mile or whatever distance around that specific point of interest. Three other pieces of information they ask people for are whether or not they live in the western region, tsunami inundation zone, whether or not they are employed by the City and what language preference they have for receiving messages. Currently the system is set up internally to send out messages about tsunami watches and tsunami warnings using AlertSF. They want the system to tie in with the other means of public communication that they have. If they are sending a message on AlertSF, they would want it to be the same message as it is going out on the outdoor public warning system and out on EIS. Luckily all those messages would be stemming from the same office. The other primary use for AlertSF is post-disaster messaging. After 911 and Hurricane Katrina, text messaging was up and running before people could use their cell phones and before people could make a call on their home phones because it takes a lot less bandwidth to send a text message from one phone to another and a lot less time being connected to a cell phone tower. Not everybody is trying to take over the lines all at the same time. In terms of post-disaster messaging, they are looking at giving people information about opening shelter sites, food and water distribution sites, boil-water orders, etc. Other jurisdictions across the country are using this system. The vendor is Roam Secure. They adopted as best practices from Washington, DC. Other jurisdictions are using it for crime alerts, school lockdowns, etc. Things that are specific to AlertSF that make it a stronger system in terms of public notification, they can target the users who receive messages by sending everything to everyone in the City. If there is some sort of City message that they want to issue citywide, they can do that. By zip codes of interest, if somebody lives in the Presidio and says they are interested in 94129, they could get a message of they could decide that everything within a mile of the southeast corner of 94129 could receive a message. They can deliver messages to every device that people have registered. If it's something important that they really need to get now or they can just selectively only deliver something to someone's email address in the event that it's not information that they absolutely need to get in the middle of a meeting. They can also choose to deliver messages in different formats. If you have cell phone and you receive text messages on it, sometimes the text message can be too long and it gets separated into three or four messages. They tend to keep the messages going to a cell phone short and messages that go to email addresses would get the complete story. Currently there are a little over 7500 registrants. They are still in the beginning stages of actually sending out messages because they are making sure that all their internal protocols are squared away and they have all their ducks in a row. They are going to be looking to work with on-scene first responders so that they can, in conjunction with the other public information systems they have in the city, so they can actually use them to send out targeted messages from the scenes of incidents.

Ms. Moyer thanked Sarah Tyler. She mentioned that she has signed up for this service; it only takes 20 seconds provided that you enter a zip code. However, the system does not recognize the Embarcadero or the piers as addresses. You have to use the zip code if you're signing up the Port as a workplace. It is worthwhile. The last message she got was related to the landslide on Telegraph Hill. They are not all that frequent and they are overwhelming. Lastly, Commissioner Lazarus happened to be at Pier 1 when the public address system ran its every Tuesday noon address, not only did the alarm sound off but also the voice over, which is very helpful. The acoustics of that have improved

dramatically in the last ten years. It will be a great resource for us in the event of an emergency. The Mayor can control the message. It is quite clear and we have used it. She commended the department for bringing us into the current century, at least technologically. She encouraged everyone to sign up.

C. Informational Presentation Pertaining to Proposed State Legislation Terminating Trust Use Restrictions with Respect to Eleven Underutilized Port Seawall Lots.

Brad Benson, Special Projects Manager, indicated that this one in a continuing series of presentations on the public trust. For the benefit of the public, he explained what the public doctrine is. It derives from Roman law through English common law and originally to the 13 colonies of the United States. Each state as it was admitted to the union received some form of public trust rights with respect to either riverine or coastal areas. In California, the public trust applies to areas between mean low and mean high tide whether those areas are filled or unfilled. Most of the Port's jurisdiction is subject to the public trust. It exists in the form of the Burton Act which governs the uses to which the Port can put this property and also in common law. It acts as a type of zoning restriction. It tends to favor maritime types of uses, access to the water, fishing, shipping and visitor serving uses. The Port holds this property in trust for the people of California so hotel uses, restaurant uses, small retail are considered to be public trust uses, environmental restorations, parks and alike. The Port at some level has been in a dialog with the State about public trust issues since the Burton Act was adopted in the late 1960s. More recently, we've been working for the last couple of years on public trust issues as a way of unlocking some solutions to the Port's ten-year capital plan. This started with SPUR UC Hastings workshop that occurred a couple of years ago. The Port's then General Counsel Noreen Ambrose, Jesse Smith from the City Attorney's office, Byron Rhett, Diane Oshima and others participated in the discussion about the public trust and its application to the waterfront. That kicked off our latest round of discussions with the State Lands Commission.

Generally, the seawall lots are areas that are on the other side of the Embarcadero. They tend, in the northern waterfront, to be triangular shape lots right on the Embarcadero. These areas are mainly surface parking lots from Seawall 314 right across from Pier 35 down to Lot A which is the Giants Parking Lot in Mission Bay. The current shoreline of San Francisco is much different than the original shoreline. He showed a picture of the first seawall. The filling of the bay and the creation of the seawall were conducted according to a series of statutes in the 1850s. They found that while there was a lot of berthing space, there was a little bit of engineering problem because the tides which slow down and eddy in these triangular shaped areas, there's a dredging problem. There's a lot of siltation as a result of that. To address that engineering problem, they designed the new seawall adopted, pursuant to Statutes starting in 1878 and constructed over a generation and this is a new curvilinear seawall intended to provide for better tidal flow down the waterfront and less of a siltation problem. In the course of constructing this new seawall, seawall lots across the street were filled. This is part of an overall program of harbor improvement which is one of the criteria that will be important to this legislation if it's considered by the State's legislature. In the Mission Bay area, south of the current AT&T Park, there was a different fill history starting in the 1900s. Based on the George Allard survey of 1869, they were mapping the lots and blocks and streets as they planned to

create them after filling. China Basin was an open water area at this point in time. We are using these incredible waterfront locations as surface parking and mainly as commuter parking. It's not generally parking that is oriented towards a trust use. There are specific exceptions such as Seawall lot 351 across from Pier 1 which serves as parking for the Ferry Building. Seawall Lot 314 across from Pier 35 provides some parking for some cruise terminal workers. The Giants utilize Lot A in part for the ballpark. In our view, there are 11 underutilized seawall lots without structures on them in the area north of Pier 50. They range in size dramatically from just over a couple of thousand square feet to over 600,000 square feet. Looking back at the history of the Port, the Embarcadero elevated freeway really divided the Port from the City and also divided the Port from seawall lots on the other side of the freeway. The Embarcadero roadway is the $750 million expenditure by the state and the federal government. This cemented the separation, four lanes of traffic with light rail down the center. There's no functional access from the seawall lots to the water. This is a second criteria that is important for State legislation. That land is not functionally associated with the water. The seawall lots represent a relatively small portion of the Port's overall trust grant, 4% or so. That is a criteria that the State legislature would be looking at.

Seawall Lot 314 is located across from Pier 35, the Broadway parcels which was the subject of the Port's recent efforts to build a hotel, SWL 351 is located across from Pier 1. In the southern waterfront, the second largest seawall lot is the location of the Watermark Condominium development across from Piers 30-32. A set of piers and a couple of smaller parcels that would be hard to develop particularly SWL 347 south would probably have to be assembled with an adjacent parcel. He acknowledged Alan Nevling of the Engineering department for his amazing work with the maps. He showed an overlay of the current shoreline in the China Basin area. SWL 337 was filled by a rail company, Hutchinson and Topeka, pursuant to State authorization right after the 1900s. Dealing with Lot A, there is a portion of this lot designated with the words BCDC Seaport Plan Priority Use. In BCDC's planning documents is a reserve area to serve as backlands for Pier 48 and Pier 50. Port staff believes that designation doesn't currently have very much meaning. It's our hope that in the SWL 337 planning process or subsequent to that planning process, we can work with BCDC to lift that priority use designation. The proposed legislation would authorize the termination of trust use restrictions with respect to these undeveloped seawall lots and authorize leasing subject to State Lands Commission approval for up to 66 years. Sale would not be an option. It would be good for the Port to hold on to its property resources. It would direct the revenues from such leasing to historic preservation or other purposes described in the ten year capital. State Lands staff have been responsive to the Port's efforts to develop that capital plan and also provide for judicial validation of the leases. It's a way for the court to bless that everything is legal and proper. There would be some preconditions to lifting the trust use restrictions. He mentioned BCDC Priority Use designation on SWL 337 would have to come off the portions of 337 before State Lands would agree that trust use restrictions would be removed. The Port would have studied the available public trust uses that could go on SWL 337 which is an exercise that we are pursuing in the Port's planning process. Where could hotel go, other restaurants that could look out over the water, other retail opportunities and also study the transportation needs of the Giants. We've been working with Jack Bair to accomplish that. With respect to SWL 351 and 314, we would try and replace parking with transportation services or facilities. Staff has looked at the surrounding zoning that governs the site and the types of uses and worked

with James Hurley in our Planning and Development Group who did a great job in putting the projections together to come up with some ground lease estimates. Most of the revenues would come from SWL 337 or SWL 330. Those are the two biggest locations. We are also projecting if the Board of Supervisors agreed that there might be some tax increment that could come to the Port in terms of the infrastructure financing district. This would be a healthy amount of revenue to the Port to help deal with its capital plan.

Consistent with the Waterfront Land Use Plan, we would set up a community planning process to develop proposed use programs for the seawall lots. We normally conduct a competitive solicitation for prospective developers except when sole source may be appropriate. Port staff will perform CEQA analysis, zoning restrictions can be imposed by the Board of Supervisors at any time. Leases are subject to the Port Commission approval, the Board of Supervisors' approval and under this proposed legislation, State Lands Commission approval and a judicial validation action. There will be quite a lengthy public process to figure out what would actually go in these locations if we're successful in getting State legislation.

We've gone through a lot of public outreach to each of the Port's advisory groups. He's meeting with the Potrero Hill Neighborhood tonight and has received additional invitation to meet with the Barbary Coast Neighborhood association. We're trying to get to the Telegraph Hill Dwellers. We've been working very closely with the environmental organizations that have been following public trust law. This has to be a broad public consensus. He thinks that if we are successful, it's an exciting opportunity. The Octavia Boulevard area in the Hayes Valley neighborhood had a freeway go down and some parking lots come available for potential development and they had a rejuvenation of that neighborhood and a lot of interest from architects in constructing and designing those areas. It's that kind of opportunity that we would be looking at if we're successful.

Commissioner Hardeman complimented Mr. Benson for his presentation and commented that he likes the plan.

Commissioner Lazarus indicated that the objective is to remove some of the trust restrictions on the seawall lots but at the same the proposed leases and projects must still be reviewed or approved by State Lands Commission. Mr. Benson replied affirmatively and added that State Lands would be interested in making sure that leases have a fair market value in particular. If trust use restrictions are being lifted from the land, they want to ensure that Port's Harbor Fund receives the benefit of the dollars through a fair market lease.

Commissioner Brandon indicated that if the trust were lifted on the seawall lots, she asked if they would be moved somewhere else or would they be totally free. Mr. Benson replied that often in the City we pursued the kind of trust swap that the Commissioner is talking about. That was what pursued for Treasure Island, low lying areas were swapped or proposed to be swapped under Yerba Buena, in part around the shoreline areas of Treasure Island. The same holds true for the shipyard in the Mission Bay, there was a trust swap associated with it. In this case, we're talking about eliminating the trust use restrictions which is similar to what was done for Delancey Street and Steamboat Springs. That was for two seawall lots. This is a bigger area.

Commissioner Brandon asked if these are the only seawall lots that the Port owned. Mr. Benson replied that we own other seawall lots. We've talked about what might be accomplished along these lines in the southern waterfront area. Port staff have been talking with the State Lands Commission staff in particular about the Pier 70 area where we are undergoing that planning process. That looks like it has a hopeful trust exchange. The public trust does not apply to all of the current site. There are some areas that were never submerged or acquired after the Burton Act. It looks like there's more flexibility there. It gets a little bit more difficult in the very southern most part of the Port's jurisdiction because that's all designated in the Waterfront Plan and the BCDC Seaport Plan as a Port priority use designation right next to operating terminals. There may be additional studies and work that we could do in those areas but it would be more complicated and time consuming than this effort has been, which has taken a couple of years.

Commissioner Brandon asked if SWL 337 is not near an operational pier. Mr. Benson replied that in terms of a need for a backland designation, the idea is you have a functioning pier like Pier 80 and in addition to the berthing locations, you need some warehouse space to support that. In Pier 48 and Pier 50, Lot A has not had that particular relationship to Piers 48 and 50 for quite a long time since H&H Shipping.

Commissioner Brandon indicated that her concern is that we tend to focus on the northern waterfront. Since this has been discussed, she's been asking why we aren't including all Port seawall lots to see what we can come up with. She knows that there are other seawall lots that can be included but for some reason they are not. Mr. Benson indicated that we are focusing in the Pier 70 area and we have a good plan to deal with that area. It's not part of this because it's a trust exchange. Legislation related to a trust exchange actually comes after about a year of administrative work.

Commissioner Brandon asked where we would swap. Mr. Benson replied that you could swap internal to Pier 70. Staff can bring back a specific presentation on this. We've been working with Bill White on how we could possibly reorganize the trust in the Pier 70 area. It's a little irrational right now. We can put it over the shipyard and the shoreline areas and the proposed crane cove park. It may generate a lot of significant revenue. There is always the option to take the revenue that is generated by this and invest it in the southern waterfront area for a variety of purposes. That remains available to us.

With respect to the backlands near Pier 92/96, it's currently designated as a back-up cargo facility but it's operating as a bulk terminal. Through the backlands leasing workshop, we wanted to discuss whether or not, that terminal is operating as a bulk terminal not as a cargo terminal. What would that do to the rationale for the backlands being designated as Port priority use under the Seaport Plan? Those are the kinds of steps that we can and will pursue.

Commissioner Brandon asked if the seawall lot on Islais Creek is part of the backlands area. Mr. Benson replied that he does not know the trust history of 1399 Marin Street. He'd be happy to research it and report back. Commissioner Brandon indicated to research any of the seawall lots that we have that could be included in this legislation. Mr. Benson assured the Commission that staff have been very aggressive in trying to put

together this program but we will follow up and make our best efforts as the Commission suggested.

Mr. Benson acknowledged not only Diane Oshima and James Hurley who worked on this project but as well as Bill White from Shute Mihaly and Weinberger. Bill has been working with Robert Bryan and the City Attorney's office and advises the Port on all of its complicated pier projects such as Pier 27-31, Piers 15-17 and has been incredible to work with these various trust efforts. He thanked Bill for all his work. He's a great resource.

Jack Bair, S.F Giants, remarked that Port staff has kept them apprised of the developments on this legislative front. He thanked Brad Benson, Diane Oshima and Byron Rhett for doing so. SWL 337 is the largest of the seawall lots that are under consideration. It's currently used entirely for ballpark parking. They recognize that the Port has capital needs and it wants to maximize the use of its properties. They welcome the efforts to increase the possible uses on these properties so that the Port can address these capital needs and also to address community needs that may arise that would not fit within the trust restrictions that now govern the use of those sites. They also appreciate references to the ballpark in the staff report that recognizes the importance of addressing the parking and transportation needs of the ballpark and the surrounding areas as SWL 337 go through a possible transformation. He looks forward to working with the Port on these projects.

Commissioner Lazarus reminded the audience that there is a workshop on April 18 from 2 to 5 p.m. at Pier 1 to do more planning and hopes to get more community input on Seawall Lot 337.

Frederick Allardyce, Barbary Coast Neighborhood Association, indicated that they welcome the Port's consideration of use of these lots for something other than parking. His constituency particularly north of Broadway, commercial residents, tenants, etc. that work at Levi's Plaza and other various office buildings that are today enjoying those parking lots next to their office buildings will be concerned about the removal of those parking lots unless they are replaced with some other type or provide access to their office buildings. It's one thing to be concerned about the better use of a street level parking facility. He is curious to know with the removal of the public trust requirements, what type of facilities might be utilized on those parcels. People have mentioned that housing is allowed, even market rate housing similar to the Watermark Condominium project that has been built or other types of residential uses that are not permitted within the public trust doctrine.

Mr. Benson emphasized that any proposed use for the seawall lots has to come through the community planning efforts so that we are not pre-judging outcomes but there are some areas that have residential surrounding it. The difficulty with residential development on the seawall lots is that the legislation would allow leasing but not sale. While it's common in Europe and Hawaii and other locations to build condominiums on leased property, it's not so common in United State or San Francisco. We're trying to study whether or not that could be a possibility. You could do rental housing. You might do office in areas where office is appropriate. On the ground floor, there would probably be a preference on the Port's part to have publicly oriented uses, restaurants, retail, things

that would work well with the pedestrian traffic along the Embarcadero, all subject to planning process.

Mr. Allardyce asked if there are any height issues addressed in that proposal yet.

Ms. Moyer asked Mr. Allardyce to ask his questions during his allotted time and staff would be happy to answer them.

Mr. Allardyce indicated that as a citizen of San Francisco, he noted that in today's San Francisco Chronicle, there was an article about a proposed new football stadium that he thinks would be appropriately located next to AT&T Park which would eliminate the hour and a half struggle of getting in and out of the parking lot to go to the new park but would enjoy all the infrastructure that the AT&T Park affords, which is SWL 337.

Mr. Benson indicated that staff will continue public outreach on this matter and subsequently come back to the Commission for direction and action.

Commissioner Lazarus thanked Mr. Benson for taking this approach and doing a lot of homework. She also thanked Bill White for his expert advice on this item. If we don't take these creative approaches, we're going to be sitting here 10-20 years from now asking the same questions.

8. CONSENT

A. Request authorization to increase As-Needed Architectural and Engineering related services for the Pier 52/54 Boat Launch Project by an amount not to exceed $56,710, resulting in a Cumulative Contract Service Order total of $286,710. (Resolution No. 07-24)

B. Request reauthorization to advertise for competitive bids for the Pier 33 Roofing and Related Structural Repair Project, Contract No. 2710. (Resolution No. 07-25)

C. Request authorization to apply for, accept and expend $300,000 grant funds from the California Cultural and Historical Endowment for Pier 70 consultant studies. (Resolution No. 07-26)

D. Request approval of sublease of a portion of the Premises located at SWL 318, 1500 Sansome Street, commonly known as "Roundhouse 1", under Port Lease L-13927, to FUEGO NORTH AMERICA, LLC, a California limited liability company, as Sublessee by Miller Kelley Architects, Inc., a California corporation, dba MK Think, as Sublessor for use as office space for a term of five (5) years. (Resolution No. 07-27)

ACTION: Commissioner Hardeman moved approval; Commissioner Fong seconded the motion. All of the Commissioners were in favor; Resolution Nos. 07-24, 07-25, 07-26 and 07-27 were adopted.

9. FINANCE

A. Informational presentation on the Port's On-street Parking Study.

Ms. Tina Olson, Deputy Director of Finance and Administration, indicated she and Todd Dykstra from Streetline Networks will be presenting the results of the pilot study of on-street parking. She thanked the following people for their work on this project: Andres Acevedo, Linda Battaglia, Denise Brady, Angel Cabrera, Earl Cater, Tom Carter, Daley Dunham, Leslie Green, Dan Hodapp, Sabrina Hwee, Susan Kearney, Norma Nelson, Elliot Riley, Rich Rovetti, Alina Vartanyan, Suzanne Wong, John Woo, Marilyn Yeh, City Attorney's Office - Robert Bryan, and Tim Yoshida. Todd Dykstra is the consultant who did a phenomenal job of capturing parking sessions on the Port's property, about 200 parking spaces as well as capturing all the data from the pay stations. He and his staff did a fabulous job for a nominal amount of money. She also acknowledged Diana Hammons from the Municipal Transportation Agency. They have decided, as a result of this study, to team up and go forward with some of the projects.

In Phase 1 or the baseline study, the Port contracted with Streetline Networks to conduct a study to determine the actual demand for the Port's metered parking spaces. In July 2006, Streetline Networks deployed sensor technology adjacent to about 200 on-street parking spaces and has been continuously measuring occupancy and turnover. The data collected produced a baseline report which the Port used to measure the impact of the introduction of variables in Phase II, including new technology, rates, time limits and payment methods.

In Phase II, the Port extended a formal invitation to the parking vendor community to participate in a pilot study of their parking system solutions. In support of Phase II, the Port Commission adopted a four hour parking limit and a progressive rate pricing strategy. The progressive parking rates: First hour $3; second hour $3; third hour $4; fourth hour $5 were intended to encourage one or two hour parking sessions with less reliance on enforcement, while adding flexibility for drivers, thereby generating turnover at on-street spaces and encouraging use of off-street garages.

The Port received proposals from seven respondents and five ultimately put their pay stations on Port property. The pay stations were located at Fisherman's Wharf, Battery Street, Chestnut Street, 1700 Montgomery Street and 200 Embarcadero, in front of the GAP building.

The Port was testing pricing in terms of what was going to be the demand if the price was changed. The Port also chanted from a 2-hour limit to a 4-hour limit during the pilot study with the higher graduated parking to see whether we could price to encourage parkers to leave as opposed to just putting a hard hit on it and relying on parking control officers. Staff was testing the higher prices in terms of whether it's going to affect demands, the longer time limits and the progressive rates and the credit card payments. Staff wondered whether a parker would more likely pay for the parking session and be more compliant if they could use a credit card. Staff also looked at occupancy turnover and revenue. The big picture finding was usage was stable. In other words, people parked at the pay stations and paid the higher rates at the same rates that they were parking at the single head meters. For $3 an hour versus $2 an hour, the demand remained constant

which meant we're sure where the pricing could go to where it would affect impact demand. Revenue was up overall, about 25%. We had some pay stations that were down so when you account for the down pay stations, it's a little over 50% increase in revenue. Compliance was low in some areas and high in other areas. We're trying to understand what was causing some of that. For example, the pay station in front of 200 Embarcadero has, by far, the highest compliance rate. The parking control officers had to use a handheld device in order to determine whether there was non-compliant parker and it broke. For three months, they essentially never issued a parking ticket at 200 Embarcadero but yet it had the highest compliance.

Todd Dykstra, Streetline Networks, thanked Tina Olson and the Port for making this study possible and for their support. This is the first time that this kind of study has ever been done. It has been exciting for them and it hasn't been gratis at all. They've received a lot of positive benefit from this project. He also thanked the merchant community who has been very supportive with the placement of equipment and putting up with the process in general. They put sensors on 16-block phases. As part of this study, they measured 187 metered spaces. There were 13 additional spaces at Terry Francois Blvd. that were not reported on. They collected six months worth of data from August through October and from December to February. November was the month of transition between regular meters and pay stations on these blocks. Overall, they measured usage on about 800,000 hours of curbside capacity. They saw 284,000 parking sessions. A session has anything that has a beginning, duration and an end. Parking fits that description. They saw 363,000 hours of usage, an average of 76 minutes. Duration varied quite a bit and had some lumps on it. During metered hours, they measured usage on 227,000 hours of curbspace of which they saw 93,000 hours of paid usage; 30,000 hours of metered, unpaid disabled placard usages. He pointed out that this was estimated based on a sample taken over 14 days. The rest of measurement from payment to usage was based on something that happened, they saw it, and they measured it. The disabled placard usage, they did the same thing for two weeks and they estimated it based on that information. Overall, one of the prime conclusions is that they ended up with 104,000 hours of unpaid metered usage, approximately $3 a day per meter of unpaid usage that doesn't have a disabled placard associated with it.

They looked at quite a bit of historical information on ticketing and meter receipts. They don't have actual minute by minute usage and they don't have minute by minute payment for that period. They took a couple of years to make sure that what they are doing was historically consistent. In other words, there wasn't excessive changes and enforcement along through the process. Their study and their baseline looked very similar to the way things have been. The important changes during the study as Tina Olson pointed out were using a different kind of meter, a multi-space meter. They changed the time limit from 2 hours to 4 hours. They instrumented something called progressive rate pricing where hour 1 is $3, hour 2 is $3, hour 3 is $4 and hour 4 is $5. The other thing that is different than a study period is they have transaction detail for the pay station results. They know exactly when people paid and how much they paid. Throughout the base line and the study, they have session level detail on usage. The nature of the technology they used to collect this information is completely anonymous. They have no understanding of who is using the space, or what sort of vehicle but they have solid information on arrivals, departures and duration.

To give an idea of the kind of detail they get from the sensors, a day in the life of a particular block, 200 Embarcadero, there are few spaces that fill up early in the day and a few towards the end of the block to fill up and sort of the middle takes another hour or so to fill up. This particular day, there are some empty times of about an hour or two spread throughout the day. He picked this particular day because it's one of the busiest days in one of the busiest blocks. Each one of the black marks shows when a car left and/or arrived, i.e. turnover. The two things that many people want to talk about when talking about parking are occupancy and turnover. He showed another print of 200 Embarcadero and the lines show the baseline occupancy and the shaded areas show the study occupancy. Rather than show a lot of different blocks, this one is pretty representative. It happens to be a busy block. One of the surprising first conclusions they came to was that there wasn't much difference. If you account 7for seasonality, usage tends to be very consistent from month to month. Even to the extent that arrival times and number of arrivals at certain hours of the day are very consistent from month to month.

They looked at usage by duration and there's a lot of ways to look at this. One of the things they found most interesting in terms of taking any sort of action is how much usage was used by people. What the top graph shows is that if your time limit is 2 hours and this was consistent through both periods, you're accounting for about 90% of uses. 90% of people typically stay for two hours or less. If you change the limit to 4 hours, you've accounted for 97% of users. From the criteria of time limit at metered spaces, people are compliant despite the fact that time limits are not typically heavily enforced at metered spaces. Usually, metered spaces have more enforcement on payment. The bottom part of the graph shows there is some significant variation from street to street. They looked at progressive rate pricing. The idea that brought them to this was the idea that change the duration and then charge more and you'll end up with higher turnover because people would trade off rather than focusing on enforcement to get turnover, use pricing and making it easier for people to stay a little bit longer if they want to and have to. What they found was that it doesn't address peak hour usage particularly well. What makes it a peak is that most people arrive just before it and most people leave just after it. What you end up having with a progressive rate system is that most people pay the lower rate during the highest usage hour. People stay a little longer ended up paying higher rates when demand is lower. This is the opposite of what you want to see if you're trying to balance usage over the day. He showed a slide that depicts occupancy by hour of day from over a 24-hour period, an average weekday on all blocks and the dark shaded portion is unmetered hours. The peak hour of usage is just after metering stops. On the bottom of the slide shows the disabled placard usage, roughly 10% of the total at its highest. The dark green and the yellow are all paid usage. The red area is unpaid with no disabled placard so it's non-compliant usage. The number of people paying, the additional amount under progressive rates is actually quite small. More people are paying the highest rate during the off peak. It turns out to be very much so at some blocks and somewhat less at others.

They looked specifically at payments and placard use. The Port receives approximately $1.2 million a year from the Department of Parking and Traffic as a result of enforcement activities. Different blocks have different levels of disabled placard usage and different levels of compliance. Overall, about 7% of the usage in the Port areas they studied is disabled placard usage and about 22% is non compliant usage, where people park but don't pay. Battery even was pretty much out of service the whole time. Francisco odd was

out of service for one month and Jefferson 100-odd was partially out of service for one month. If they take those three out which also happens to have the highest non-compliance rates, the result is non-compliance is doubled and has doubled the impact on revenue that disabled placards do. One of the challenges in doing the study is they are looking at a large combination of factors relative to a large combination of different factors. They were not able to pull out the impact of a pricing change because they changed the time limits, they changed the equipment, they changed the ability to pay with credit cards. That doesn't mean they can't draw conclusions. The conclusion is that system versus system and they can go forward and try to tease out the different parts. System versus system on revenue per space, they ended up with approximately 25% increase overall. Pulling out those blocks where they had some difficulties with the pay stations, it ends up being about 56% increase per space per month. The comparison point for that is that it's about exactly the increase on average cost per hour. 50% increase in price; 50% increase in revenue indicates that we're not getting a huge change in demand at those prices.

Ms. Moyer clarified that when he says revenues, he meant meter revenue and he's not including citation revenue. She does not want to leave the implication that there are no revenues coming from this space. He's focusing on meter revenues. Mr. Dykstra confirmed Ms. Moyer's comments and added that's all the information that he has to work from.

With regard to cash versus credit card transactions, Tina Olson indicated that most people are going to use cash for the first $1 to $2 and after that, they use a credit card. As we are pricing the meter spaces at a higher amount, we need to have credit card capability as people are more comfortable using them, they have it as opposed to having the change. About 57% of the transactions were credit cards. 78% percent of the dollars came from the credit cards. Per transaction, we got more dollars when they use credit card versus when they use change. They would probably pay for a little bit more every parking session if they have a credit card instead of change.

Commissioner Lazarus asked how they factored in the ones where you add a dollar to the cost in order not to incur a violation. There was a limitless amount of time you could stay on the zero block of Chestnut Street. Ms. Olson replied that you could pay an all day rate at that location. Commissioner Lazarus wondered if that affected the credit card transactions. Ms. Olson replied that was just for Chestnut Street and people didn't park there all day. We didn't price it well enough; we priced it too high for an all day right. It was $5 for every hour after the first four hours. It was extremely expensive.

Compliance with time limits is high. People parked for two hours. The four hour limit addressed 97% of usage. People parked within four hours and they complied. The compliance with payment is low at some of the locations and some were pretty good. They identified some opportunities for enforcement efforts. A variation between the blocks is high in terms of the parking sessions. Block-by-block, there's a huge variation in demand for on-street parking which means that we need to have pricing policies that are more specific to a specific block or a geographic areas as opposed to Portwide pricing. 50% increase equal 50% increase in revenue. We learned that the pilot prices are not out of line with demand. We don't know if we had gone higher in the prices and kept demand exactly the same. The progressive rates don't address congestion as Todd

Dysktra mentioned. When people are parking in the middle of the day between 11a.m.-2 p.m and the pricing is just for two hours and the third hour and the fourth hour. We learned that if we want to deal with congestion we have to deal with time-of-day pricing as opposed to straight per hour rate.

Port staff worked with the Municipal Transportation Authority (MTA). A steering committee was established with members from the MTA, Port staff, Controller's office, Dept. of Telecommunications and Information Services. They decided to do a two-year pricing study. They're not sure where the demand would go to in terms of pricing it higher and demand would stay the same. They need a time frame to test that and need longer than three months to test it. They are asking to go for a 2-year pricing study and to keep it in zones. They would do four zones that would be both the Port and the City blocks included. They have not determined what the exact boundary would be. They would like to walk and try to get a sense of where the demand is. The zone will be AT&T ballpark area. They are looking at game day and special event pricing to capture that demand similar to what the parking lot charges which is around $20 per event or per game. The Ferry Building is another area. With 20 Embarcadero, there is quite a high demand for on-street parking and people are willing to pay for it. The Fisherman's Wharf area and the South of Market area, they are looking at doing some testing with all day pricing for two of those streets like Terry Francois and Illinois Street. MTA has some streets at the South of Market. Where there's not a lot of people parking for short term parking sessions, they would like to park all day or park for longer sessions but the meters have an hour limit. They're thinking of opening it up and see what happens if they pay for a longer term session. They are proposing to put together a contract to buy pay stations for those four zones. They would take coins and credit cards. The City has the City Smart Cards and they would like all three payment options included. The more pay options, the high probability of compliance. The structure they are looking is that they would do day rates between 7 a.m. and 6 p.m. and evening rates 6 p.m. to 11 p.m. at select blocks. They didn't want to have evening rates in blocks that are near residential areas because they don't want that kind of negative impact on the residents and their visitors. They would stick to the four hour time limit they had in the pilot study and pricing basis would be time of day pricing, special events and all day rates in those underutilized locations. On a quarterly basis, they would have the flexibility to change the pricing based on what the actual demand is. With the target of 80% utilization at all hours and 10% availability at all hours.

Next steps – both MTA and Port staff will present this study to the MTA Commission and get their input. They will have a hearing in front of a Board of Supervisors committee, the Port Citizens Advisory Committee, the MTA's CACs and the next action would be an RFP for the pay station and the legislation authorizing the pricing study. The Port would have authority to do its own legislation but the MTA would need to go to the Board of Supervisors.

Diana Hammons expressed her gratitude on behalf of the MTA for the Port of San Francisco taking a leadership role on this project. Todd Dykstra had mentioned earlier that he didn't believe that a study like this had been done in the past. She can confirm that nothing like this has been done. They've conducted various occupancy studies through the years but this whole idea of utilizing alternative pricing strategies to both achieve occupancy and availability levels for parking and also at the same time optimizing the

revenue that can be achieved through the parking meters is a new idea. What made this possible is the significant improvements in technology over the past 5 years. Five years ago, we had a choice of electronic or mechanical. It's truly amazing to see the field how it's grown and they're looking forward to working with the Port on this project and moving it forward to the MTA board, their CAC, the stakeholders and see how they can get a project implemented as soon as possible.

Commissioner Brandon commented that was a very informative presentation. She asked about the RFP process. Ms. Olson indicated that the steering committee identified preferred attributes in the different meters that they liked and the comments and complaints they received from the user surveys. Any vendor could respond to the RFP, not just the five vendors. They were not looking to pick a vendor that they liked the most. They are looking to test just the technology in general and figure out what we like and didn't like about the different pay stations to put together specs for an RFP.

Commissioner Brandon thanked Tina Olson for leading this study.

Commissioner Lazarus asked how much was staff able to isolate, if it's even relevant, the presence of a nearby garage as an alternative when they looked at pricing. In other words, if she parks for four hours in a garage versus four hours in a meter. Ms. Olson indicated that one of the questions they had in the user survey is if they were willing to pay more to park at a meter spot versus in a garage. The majority would prefer to pay for meter spot than in the garage because it's quicker to get in and out of a meter spot. The two-year pricing study would be able to flush that out a little better.

Commissioner Lazarus indicated that they might look at areas where there is a garage and price somewhat off of that. Ms. Olson replied affirmatively.

Ms. Olson asked if the general direction from the Commission is for staff to move forward with the presentations. The Commission concurred.

Ms. Moyer indicated that after the presentation with the MTA Commission, the Board and all of our CAC's, staff will be back to give the Port Commission an update and to hopefully proceed with the RFP process. She thanked Tina Olson, Todd Dykstra and Diana Hammons. There has been a lot of very creative thinking at looking at parking and it's been a responsive one. We did get a lot of complaints from people about the inordinate amount of coins that they have to have to park. In effect, many of the spaces are empty and there's an event and they're full much to the consternation of either the merchants or the residents. We are looking to address those issues most importantly with the rate of return being a secondary factor.

10. ENGINEERING

A. Informational Presentation on the Status of Contract 2708, Wharf J10 and Fishery Building Demolition Project.

Bill Lau, Resident Engineer, indicated that the contract is for 180 days. Since Port staff issued the Notice to Proceed on January 15, 2007, the contractor has been submitting all twelve technical submittals required and outlined by the contract. Currently 11 of the

twelve submittals have been approved on March 15, 2007. The remaining submittal still has to be field check by Port engineering staff. As a continuous effort to notify and keep the impacted tenant and community group informed of the progress of the project, Port staff has conducted a town hall meeting on March 21, 2007. During the meeting, the contractor was able to present the demolition method and site mitigation plans proposed for the project. Port staff and contractor were able to answer questions that has been raised by impacted tenants. Questions raised by the tenant include the demolition method, site mitigation plan, water pollution prevention plans as identified by the technical submittals. There are other questions raised by the tenant including the impact of truck route, air monitoring plan, hazardous material handling plan and pest control issues. Port staff were able to address those issues through reference to the contract specifications and approved technical submittals required by the contract except that the pest control will be handled by the Port and the pest control contractor before the demolition. Port staff will make sure that the mitigation measure will be in place before mobilization of the contract. There are other questions raised by the impacted tenants regarding the future rebuild alternatives for the Wharf J10 site. Port staff noted that the final EIR has mentioned alternatives and future options for the site; however, the Port does not have any development plan and budget in the Port's Capital Plan to rebuild Wharf J10. The final approval of all technical submittals is planned for March 30, 2007 contingent upon the final approval of the pollution plans by the Regional Water Quality Control Board. The contractor will be able to mobilize as early as April 2, 2007.

Port staff anticipates that the contractor will be able to complete all demolition before May 30, 2007. The substantial completion of the project is anticipated to happen by July 13, 2007. The final completion of the project is expected by August 12, 2007. The construction budget for this project is over $1.1 million with 10% contingency of approximately $100,062. It is fully advanced from the Port capital project fund. Staff does not anticipate any change order for this project.

Port staff will continue and manage the progress of the job as the project proceeds to completion. Staff has created project diaries, weekly reports to ensure that the contractor complies with the full specifications and plans. Staff will continue to inform the neighborhood group and community with the progress of the project through monthly progress meeting especially the Fisherman's Wharf Advisory Group. Staff will continue to provide project update to the Port Commission. Staff expect the next update to occur at the May 8, 2007 Port Commission meeting.

Commissioner Fong asked how many days are allotted for the demolition, the noisy and dirty part of the project. There is a hotel directly across the street. He's sure that they have been informed and attended the meeting. Mr. Lau replied that based on the construction schedule, the contractor has proposed that they will be able to do the heavy duty and noise generating operation within three to four weeks. Right after the mobilization, they will be able to finish the heavy duty demolition in four weeks, approximately May.

Ms. Moyer added that the promise we made to the community is that we will suspend on days where there might be significant interruption to the tenants. Previously, we anticipated that the bulk of the demolition would be landside, now it's waterside. There shouldn't be any significant need for interruptions but we are flexible if the need arises.

Bob Gephardt, representing Alioto-Lazio Fish Company, indicated that in the process of his preparation of a presentation that he will be making to Mr. Bryan within the next month or so, he has been talking to some of his clients and some of the people who have businesses in the area and he wanted to share that conversation and concern with the Port Commission. Some of the people were not in attendance at the March 21, 2007 meeting; some were and had the impression that this issue may be minimized i.e. amount of rodents and skunks on J10. Apparently, there is a large nest of them and he would hate to see the demolition started and have rodents running away from where the demolition is going to the areas where fish are being rendered or where restaurants are serving food or where tourists are. There's apparently a thought by the people around there that there's quite an infestation. He also mentioned that once again, the staff report stated that the Port and Alioto are in discussions about payment of the demolition. He does not want their silence to be taken as some acquiescence that they agree with that. The demolition is not to be paid for by them. They have no intention of paying for it. In fact, there are no discussions relating to their paying any portion of the demolition of J10.

Mr. Bill Lau indicated that the Port hired pest contractor to set 120 traps in the near future to address the rodent issue. It is currently in progress. Port staff will make sure that the rodent control is in place before the mobilization to address the neighborhood concerns.

Ms. Moyer indicated that the Port has retained a pest consultant but we have not confirmed that there are actually nests in J10. Mr. Lau indicated that Phil Williamson is working on the contract. Ms. Moyer indicated that staff has not entered the building to confirm the pest issue so we don't know for a fact that there are such nests but we've heard the concerns and we've taken steps that if we encounter that, we will be ready to handle it.

11. NEW BUSINESS / AGENDA SETTING

Ms. Moyer indicated that our next meeting is April 10, 2007. We have cancelled the second meeting in April in deference to our activities for the Sister Port Conference which is shaping up very nicely. For the April 10, 2007 meeting, we have invited Will Travis, the Executive Director of the Bay Conservation and Development Commission, to give his much renowned presentation on bay waters rising. He's making the rounds fairly widely and has received national attention. His thoughts are definitely getting attention from some of our constituencies in conjunction with her and Brad Benson's comments in the public about the seawall. The Port has a seawall that was designed in house in 1877 and has stood the test of time. There could be a nexus between BCDC's forecast and our need to replace our seawall. Mr. Travis has gladly received the invitation and will come to our next Commission meeting. The Bar Pilots have confirmed that they are now ready to comment on the proposed lease terms but they have not done so yet. We anticipate that will be a May item for the Commission. We have continued our negotiations with the Pasha group. We would need to have completed our negotiations by the middle of next week to be ready for the April 10 agenda. It's not clear that it will be completed by then. It's possible that it will get delayed. If it does, the MTC item gets delayed as well. We are negotiating with BAE. We are optimistic that we would have a transaction ready by the middle of next week but that may get delayed as well. One thought she and Commissioner Lazarus had is that if those items are not quite ready next week, we could cancel our regularly scheduled meeting of April 10 and hold a special meeting on April 17 so we don't miss an April meeting otherwise we have to wait until May

8. She wondered if we would have a quorum on April 17. Commissioner Hardeman indicated that he will be in Sacramento but he could come back early if he had to. Commissioner Brandon indicated that she will be in Los Angeles. Commissioners Lazarus and Fong are available for the meeting.

Ms. Moyer drew the Commission's attention to an item at the bottom of the agenda which states Request Endorsement of Amended and Restated Development Memorandum with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project (Date to be determined). With the locked amendment of those ENA, that item will be presented to the Commission on May 8 so it will be coming back very quickly. We hope that we would be able to come back with a request to approve the State legislation that the Commission heard about today depending upon the homework we need to do for Commissioner Brandon and whatever public comment we get. On Thursday, March 29, 2007 at 6 a.m. the City's new 311 system goes permanently live which has implications for the Port. We'd like to have the City Administrator's office to present that to the Port Commission at one of the upcoming meetings.

Ms. Moyer indicated that for the time being we would like to stay with April 10th meeting but we should know by the end of this week or at the latest the beginning of next week whether we need to ask for the Commission's indulgence and move the meeting.

Commissioner Hardeman indicated that Ms. Moyer had previously mentioned that she is contemplating in changing the first meeting in January to the middle of January. Ms. Moyer indicated that we could do that one of two ways: (1) we could again amend the bylaws and (2) cancel the regularly scheduled meeting and have a special meeting but we normally adopt that calendar in December. January 15, 2008 sounds like a plan. We will make a note of it.

12. PUBLIC COMMENT

13. COMMUNICATIONS

14. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commission President Ann Lazarus adjourned the meeting at 5:12 p.m.

PORT OF SAN FRANCISCO

NOTICE OF CANCELLED MEETING

The following Regular Port Commission Meeting has been CANCELLED:

APRIL 10, 2007

A Special Port Commission meeting is scheduled on:

FRIDAY, APRIL 20, 2007
10:00 A.M. – CLOSED SESSION
11:00 A.M. - OPEN SESSION

The meeting will be held in the
Port Commission Hearing Room
Second Floor, Ferry Building

2:55 p.m msf
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San Francisco Port Commission
Pier 1, San Francisco, CA 94111
(415) 274-0406

ACCESSIBLE MEETING INFORMATION

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The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

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SAN FRANCISCO PORT COMMISSION

Ann Lazarus, President
Kimberly Brandon, Vice President
Rodney Fong, Commissioner
Michael Hardeman, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

PLEASE NOTE THE TIME OF THE MEETING

AGENDA
SPECIAL MEETING
FRIDAY, APRIL 20, 2007
10:00 A.M. EXECUTIVE SESSION
11:00 A.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

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2:00 p.m. usf
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The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

1. **CALL TO ORDER / ROLL CALL**

2. **ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING**

3. **APPROVAL OF MINUTES** - March 27, 2007

4. **PUBLIC COMMENT ON EXECUTIVE SESSION**

5. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

   PURSUANT TO GOVERNMENT CODE SECTION 54956.9 AND SAN FRANCISCO ADMINISTRATIVE CODE SECTION 67.10(D):

   (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS (Discussion and Action Items)

a. Discuss existing litigation matters pursuant to Sections (a) and (d) of California Government Code Section 54956.9 and San Francisco Administrative Code section 67.10(d):

City and County of San Francisco operating by and through its Port Commission v. Coast Marine Industrial Supply, Jeffrey Fagundes, San Francisco Superior Court Case No. 443-691, filed August 3, 2005. (Discussion and Action Item)

Discussion and approval of settlement of litigation seeking recovery for property damage to gangway at Hyde Street Harbor wherein Port alleges negligence on the part of defendants Coast Marine and Fagundes. Proposed settlement of litigation upon terms which include defendants' payment of $30,500, in exchange for Port's dismissal of litigation, and full and final release of claims.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Pier 70
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*BAE Systems: Ira Maybaum

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 70.

b. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*SF Piers LLC: Tom Hart and Rocky Fried

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 27-31.

6. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

C. Vote on whether to approve proposed settlement of litigation entitled City and County of San Francisco operating by and through its Port Commission v. Coast Marine Industrial Supply, Jeffrey Fagundes (Also listed above, Closed Session, Item No. (1)a.)

7. EXECUTIVE

A. Executive Director's Report
- Sister Port Conference – April 23-25, 2007
- Port Divers Featured on Eye on the Bay - Channel 5, April 26, 2007 at 7 p.m.

8. CONSENT

A. Request approval of Second Amendment to the Rincon Park Maintenance Agreement between the Redevelopment Agency and the Port, extending the term for an additional three-year period from June 30, 2007 to June 30, 2010. (Resolution No. 07-28)

B. Request approval of resolution rescinding the Port's Policy for Payment of Brokers' Commissions. (Resolution No. 07-29)

9. PLANNING & DEVELOPMENT

A. Request approval to extend the Term of the Exclusive Negotiation Agreement ("ENA") with High Flying Foods, Inc., for the Retail Leasing Opportunity located at 360 Jefferson Street; Request Approval to Execute Second Amendment to the ENA extending the Term to July 17, 2007. (Resolution No. 07-30)

10. NEW BUSINESS / AGENDA SETTING

♦ New Business

♦ Agenda Setting (Targeted Commission meeting, subject to change)

- Informational presentation by the City Administrator's Office regarding "311" - San Francisco's new one-stop information telephone number (May 8, 2007)
- Informational presentation by Will Travis, Executive Director of the Bay Conservation and Development Commission (BCDC), regarding The Impact of Climate Change on San Francisco Bay (May 8, 2007)
- Informational presentation on National Flood Insurance Program (May 8, 2007)
- Request authorization to issue Request for Proposals for Engineering Services for the Pier 35 Substructure Detailed Structural Investigation, Conceptual Repair Design and Cost Estimate (May 8, 2007)
- Request authorization to award Construction Contract No. 2713, Pier 52/54 Public Boat Launch Project (May 8, 2007)
- Request authorization to advertise for competitive bids for the Pier 35 Improvements Project, Contract No. 2712 (May 8, 2007)
- Request approval to award Contract No. 2713, Pier 52/54 Boat Launch Project (May 8, 2007)
- Request approval to award Contract No. 2710, Pier 33 Roofing and Related Structural Repair Project (May 8, 2007)
- Request approval of resolution authorizing the Executive Director to execute a Memorandum of Understanding with the San Francisco Entertainment Commission to

transfer responsibility for the issuance and administration of Entertainment Related Permits from the Port to the Entertainment Commission (May 8, 2007)

- Request approval of Letter of Intent for a proposed Fifth Amendment to Lease L-11320 with BAE San Francisco Ship Repair, Inc. at Pier 70 (May 8, 2007)
- Request Approval to Execute Fifth Amendment to the Amended and Restated Exclusive Negotiation Agreement with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project Extending the Term and Amending the Benchmarks (May 8, 2007)
- Request approval of a Non-Exclusive Management Agreement with Pasha Automotive Services for management of an automobile terminal at Pier 80 for a term of approximately 15 years and minimum guaranteed revenue to the Port based initially on tariff revenues from the receipt of 17,000 motor vehicles by waterborne vessel during the first two years of the term and increasing to 30,000 motor vehicles by waterborne vessels thereafter (May 8, 2007)
- Request approval of the First Amendment to the Non-Exclusive Management Agreement No. 13893 between the Port and Marine Terminals Corporation for management of the cargo terminal at Pier 80 (May 8, 2007)
- Approval for Port staff to apply for, accept and expend a $275,000 grant from the California State Resource Agency for Tulare Park Shoreline (on Islais Creek) disability access and landscape improvements associated with the Illinois Street Bride project (May 8, 2007)
- Informational presentation on Building Occupancy Resumption Program of the Port of San Francisco (May 22, 2007)
- Informational presentation regarding the Port of San Francisco Monthly Minimum Rental Rate Schedule, Monthly Parking Stall Rental Rate Schedule, and the Schedule for Filming and Special Events for Fiscal Year 2007-08 (May 22, 2007)
- Informational presentation on Bio Diesel Proposal (May 22, 2007)
- Informational presentation on the Status of Contract 2708, Wharf J10 and Fishery Building Demolition Project (May 22, 2007)
- Request approval of Lease with the San Francisco Bar Pilots for space located at Pier 9 (May 22, 2007)
- Request approval of Proposed State Legislation Terminating Trust Use Restrictions with Respect to Eleven Underutilized Port Seawall Lots (May 22, 2007)
- Request adoption of the 2007 Port of San Francisco Building Code (June 12, 2007)
- Request approval of Lease No. L-14268 between the Port and High Flying Foods, LLC for Port property located at 360 Jefferson Street (Date to be determined)
- Request Endorsement of Amended and Restated Development Memorandum with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project (Site Location: The Embarcadero between Francisco and Battery Streets) (Date to be determined)
- Request approval of First Amendment to Berthing Agreement with California Sealift Terminals, Inc. (Date to be determined)
- Request authorization to increase ferry rates at the Port of San Francisco (Date to be determined)
- Request approval of Tri-Party Agreement with Port, The Exploratorium and Baydelta Maritime for lease of space at Pier 17 (Date to be determined)
- Request approval of lease with LB Railco, Inc. for space located at the Intermodal Rail Transfer Facility Pier 94 (Date to be determined)

- Request approval of a Memorandum of Understanding with the San Francisco Municipal Transportation Agency (MTA) related to Parking Control Officer (PCO) services and parking fine revenues (Date to be determined)

11. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

12. COMMUNICATIONS

Communications to the Port Commission received from March 22 to April 13, 2007:

- From Port staff, copy of SF Business Times article entitled "San Francisco Best Rehab: Piers 1½, 3 and 5"
- From Port staff, copy of Bay Crossings article entitled, "All Hail, The Queen! Queen Mary II Leaves Port of SF Wanting More"
- From Port staff, copy of Bay Crossings article entitled, "Unusual Sighting of Pampanito"
- From Port staff, copy of SF Business Times Nonprofit Profile on Save the Bay, David Lewis, Executive Director
- From Fred Allardyce, President of the Barbary Coast Neighborhood Association, regarding the Northeast Waterfront Advisory Group
- From City Attorney Dennis Herrera, regarding Political Activity by City Officers and Employees
- From Port staff, copy of North Beach Aquarium article entitled "Allesandro Baccari, Jr. - Saluting a Remarkable Man"
- From Port staff, copy of North Beach Aquarium article entitled "J10 Scheduled for Demolition"

13. ADJOURNMENT

APRIL/MAY 2007

CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
April 18	2:00 p.m.	SWL Lot 337 Planning Committee Workshop	Bayside Conference Room @ Pier 1
April 20	10:00 a.m.	Closed Session/Port Commission	Port Commission Room
	11:00 a.m.	Open Session	@ Ferry Building
April 24	CANCELLED	Port Commission	Port Commission Room
May 8	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
May 22	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Advisory Panel generally meets the second Thursday of the month. Contact John Doll at 274-0639.

The Cruise Terminal Environmental Advisory Committee generally meets the third week of each month. Date and time to be determined. Contact Michael Nerney at 274-0416.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jennifer Sobol @ 274-0548.

The Central Waterfront Advisory Group meets monthly on an as-needed basis generally on the 3rd Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or via email @ Mark_Paez@sfport.com.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets jointly with BCDC's Design Review Board on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. or the Committee meets as needed on the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625.

The Port Permit Appeals Committee meets regularly on the first Thursday of June and December of the year. For further information contact Ed Byrne at 274-0570 or Dan Hodapp at 274-0625.

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Pier 1:

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PORT OF SAN FRANCISCO

MEMORANDUM

April 16, 2007

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Rodney A. Fong

FROM: Monique Moyer Tom Carter for
Executive Director

SUBJECT: Request approval of Second Amendment to the Rincon Park Maintenance and Management Agreement

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

BACKGROUND

The Port owns certain land located between the Waterfront Promenade to the east and Steuart Street and the Embarcadero to the west, as shown in Exhibit A attached hereto ("the Premises"). The Premises are located within the Rincon Point subarea of the Rincon Point/South Beach Redevelopment Project Area, as designated in the Rincon Point – South Beach Redevelopment Plan, originally adopted and approved by the San Francisco Board of Supervisors on January 5, 1981, as subsequently amended ("Plan"). The Premises are designated under the Plan for use as a public park.

The Premises are adjacent to a parcel bounded by Steuart, Spear and Folsom Street and by a Caltrans owned right-of-way on the north (the "Office Site"). The Office Site is the subject of a Disposition and Development Agreement ("Development Agreement") between the Redevelopment Agency and the Gap, Inc. for development of an office building. The Gap's obligation to develop the Office Site was contingent upon the Redevelopment Agency entering into an Agreement to Lease the Premises from the Port for a term of 65 years, for construction of a public park at a cost of up to two million dollars.

Pursuant to the Lease Agreement dated September 7, 2001 (the "Master Lease"), the Redevelopment Agency leased from the Port the Premises with the goal of developing the site into a public park.

This Print Covers Calendar Item No. 8A

The Gap, Inc. assigned all of its right, title and interest in the Development Agreement to GPS Management Services, Inc., a California corporation ("GPS") pursuant to that certain Assignment and Assumption of Development Agreement dated September 1, 1988. Pursuant to the Development Agreement, GPS completed construction of the office building on the Office Site in 2001 and completed construction of a public park on the Premises ("Rincon Park") in 2003.

Rincon Park includes street trees, lawn cover, shrubs and perennials, irrigation and lighting systems. In addition to the Premises, the Rincon Park encompasses a small portion of Herb Caen Way (the "Encroachment Area") which is subject to a Revocable Encroachment Permit (the "Encroachment Permit") between the Redevelopment Agency and the Port dated September 7, 2001 and several street lamps located along a portion of Herb Caen Way. The Redevelopment Agency has the obligation of maintaining the Encroachment Area and the Street Lamps pursuant to the Encroachment Permit and the Rincon Park Street Lamps Agreement between the Redevelopment Agency and the Port dated September 7, 2001.

Additionally, Rincon Park displays sculptured artwork created by Claes Oldenburg and Coosje Van Bruggen "Cupid's Span" (the "Sculpture"). The Redevelopment Agency has the obligation of maintaining the Sculpture pursuant to the Sculpture Maintenance and Repair Agreement dated September 7, 2001 executed between the Redevelopment Agency and the GPS.

Originally, the Redevelopment Agency desired to obtain professional management services to provide maintenance, security and overall management of the Rincon Park's operations including the Premises, Encroachment Area, Street Lamps and Sculpture. The Port's Maintenance Department provides general maintenance and janitorial services for much of its property. Because the Rincon Park is located within the Port's jurisdiction, the Port desired to manage it on behalf of the Redevelopment Agency. As such, the Redevelopment Agency and the Port entered into the Rincon Park Maintenance and Management Agreement dated January 2, 2003 (the "Management Agreement"), pursuant to which the Port maintains Rincon Park on behalf of the Redevelopment Agency.

A first amendment to the Management Agreement extended the term to a fourth year, with the Port continuing to provide maintenance, security and overall management services to Rincon Park until June 30, 2007. As described below, Port and Redevelopment Agency staff are proposing a second amendment to this agreement that extends the Agreement to June 30, 2010.

PROPOSED AMENDMENT TO THE MANAGEMENT AGREEMENT

The Management Agreement will expire on June 30, 2007. The respective staff of the Redevelopment Agency and Port have negotiated a second amendment to the Management Agreement under which the term is extended for an additional three years, for a total duration of seven years, and the Port would continue to provide maintenance, security and overall management services to Rincon Park until June 30, 2010. An Approved Budget for each Contract Year of the extension period is subject to: 1) an Approved Budget as defined in the Agreement, and 2) the availability of funds for each Contract Year, in the then current fiscal year, Rincon Point-South Beach Redevelopment Project Area budget, and 3) approval by the Redevelopment Commission,

Mayor and Board of Supervisors. These terms are documented in the Second Amendment to the Management and Maintenance Agreement attached to this report (the "Second Amendment") as Exhibit B.

Otherwise, all of the language and requirements of the Management Agreement will remain the same.

STAFF RECOMMENDATION

Port staff recommends that the Port Commission approve the proposed resolution that approves, authorizes and directs the Executive Director to enter into the Second Amendment in substantially the form attached to this report.

Prepared by: Tom Carter, Deputy Director, Maintenance

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 07-28

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, Under Charter Section 3.581(g), contracts granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, The Port owns certain land located between the Embarcadero Promenade to the east and Steuart Street and The Embarcadero to the west, which lands are designated under the Rincon Point/South Beach Redevelopment Plan for use as a public park (the "Site"); and

WHEREAS, On September 7, 2001, the Port and the Redevelopment Redevelopment Agency of the City and County of San Francisco (the "Redevelopment Redevelopment Agency") entered into a Lease for a 65 year term for the construction and operation of a public park on the Site referred to as the "Rincon Park"; and

WHEREAS, Rincon Park opened to the public in February 2003; and

WHEREAS, The Port has provided professional maintenance and management services to the Redevelopment Redevelopment Agency for Rincon Park pursuant to the Rincon Park Maintenance and Management Agreement dated January 2, 2003, (the "Management Agreement"); and

WHEREAS, On February 14, 2006, per Resolution No. 06-11 the Port Commission approved, authorized and directed the Executive Director to enter into the First Amendment between the Port and the Redevelopment Redevelopment Agency extending the duration of the agreement by one year to June 30, 2007; and

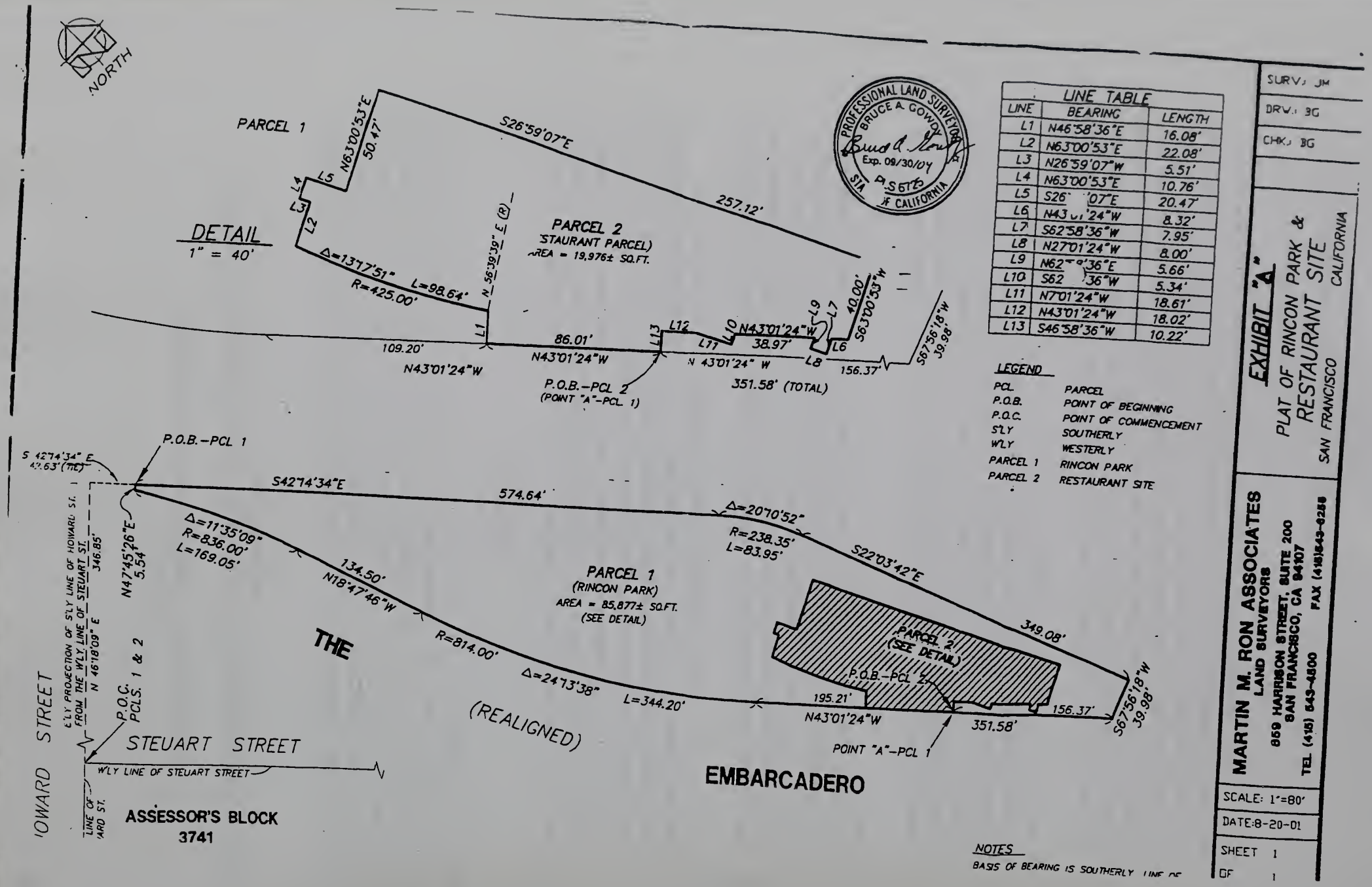
WHEREAS, The Management Agreement has expired by its own terms; and

WHEREAS, The respective staff of the Port and the Redevelopment Agency have negotiated the terms of an amendment to the Management Agreement that extends the term to June 30, all of which terms are documented in the form of the Second Amendment to the Maintenance and Management Agreement (the "Second Amendment") attached to the Staff Memorandum for Agenda Item 8A; now, therefore, be it

RESOLVED, That the San Francisco Port Commission hereby approves the Second Amendment and authorizes and directs the Executive Director, or his designee, to enter into, on behalf of the Port, the Second Amendment in the form substantially consistent with such document attached to the Staff Memorandum.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 20, 2007.

_____
Secretary



PROFESSIONAL LAND SURVEYOR
BRUCE A. GOWDY
Exp. 09/30/04
STATE OF CALIFORNIA

LINE TABLE		
LINE	BEARING	LENGTH
L1	N46°58'36"E	16.08'
L2	N63°00'53"E	22.08'
L3	N26°59'07"W	5.51'
L4	N63°00'53"E	10.76'
L5	S26°59'07"E	20.47'
L6	N43°01'24"W	8.32'
L7	S62°58'36"W	7.95'
L8	N27°01'24"W	8.00'
L9	N62°58'36"E	5.66'
L10	S62°58'36"W	5.34'
L11	N7°01'24"W	18.61'
L12	N43°01'24"W	18.02'
L13	S46°58'36"W	10.22'

LEGEND

PCL.	PARCEL
P.O.B.	POINT OF BEGINNING
P.O.C.	POINT OF COMMENCEMENT
S'LY	SOUTHERLY
W'LY	WESTERLY
PARCEL 1	RINCON PARK
PARCEL 2	RESTAURANT SITE

NOTES

BASIS OF BEARING IS SOUTHERLY LINE OF

SURV: JM
DRW: BG
CHK: BG

EXHIBIT "A"

PLAT OF RINCON PARK & RESTAURANT SITE
SAN FRANCISCO CALIFORNIA

MARTIN M. RON ASSOCIATES
LAND SURVEYORS
859 HARRISON STREET, SUITE 200
SAN FRANCISCO, CA 94107
TEL (415) 543-4500 FAX (415)543-6258

SCALE: 1"=80'
DATE: 8-20-01
SHEET 1 OF 1

EXHIBIT B

SAN FRANCISCO REDEVELOPMENT AGENCY

SECOND AMENDMENT TO THE MAINTENANCE AND MANAGEMENT AGREEMENT

This SECOND AMENDMENT TO THE MAINTENANCE AND MANAGEMENT AGREEMENT ("**Amendment**") is entered into as of July 1, 2007 by and between the REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic (the "**Agency**"), and THE CITY AND COUNTY OF SAN FRANCISCO ("**City**") a municipal corporation by and through the SAN FRANCISCO PORT COMMISSION (the "**Port**").

RECITALS

A. The Port owns certain land located between the portion of Waterfront Promenade referred to as "Herb Caen Way" to the east and Steuart Street and The Embarcadero to the west. The Premises are located within the Rincon Point sub-area of the Rincon Point/South Beach Redevelopment Project area, as designated in the Rincon Point – South Beach Redevelopment Plan, originally adopted and approved by the San Francisco Board of Supervisors on January 5, 1981, as subsequently amended ("**Plan**"). The Premises are designated under the Plan for use as a public park.

B. The Agency and The Gap Inc., a Delaware Corporation, entered into a Disposition and Development Agreement dated January 10, 1995, including all amendment ("**DDA**"). The Gap, Inc. assigned all of its rights, title and interest in the DDA to GPS Management Services, Inc., a California corporation ("**GPS**" or "**Developer**") pursuant to that certain Assignment and Assumption of DDA dated September 1, 1988.

C. Pursuant to the Lease Agreement dated September 7, 2001 (the "**Master Lease**"), the Agency leased from the Port the Premises for a 65 year term for the construction and operation of a public park to be referred to as Rincon Park ("**Park**"). The Developer has constructed the Park on the Premises pursuant to the DDA. As part of the continuing obligations under the DDA, GPS contributes $100,000 per year for 10 years to provide for security services for the Park.

D. The Park includes street trees, lawn cover, shrubs and perennials, irrigation and lighting systems. In addition to the Premises, the Park encompasses a small portion of Herb Caen Way (the "**Encroachment Area**") which is subject to a Revocable Encroachment Permit (the "**Encroachment Permit**") between the Agency and the Port dated September 7, 2001 and several street lamps located along a portion of Herb Caen Way as identified in the final construction documents. The Encroachment Area and the street lamps are to be maintained by the Agency pursuant to the

Encroachment Permit and the Rincon Park Street Lamps Agreement between the Agency and the Port dated September 7, 2001.

E. The Park displays a sculptured artwork created by Claes Oldenburg and Coosje Van Bruggen "Cupid's Span" (the "**Sculpture**"). The Sculpture is maintained by the Agency pursuant to the Sculpture Maintenance Agreement dated September 7, 2001 executed between the Agency and The Gap Inc.

F. The Agency and the Port entered into a Maintenance and Management Agreement (the "**Agreement**") under which the Port provides comprehensive management services to the Agency for Rincon Park, including gardening, janitorial and security services.

G. The Agreement was amended on April 28, 2006, pursuant to Agency Resolution No. 17-2006 and Port Resolution No. 06-11, extending the term through June 30, 2007.

H. The Agency and Port now desire to further amend the Agreement to extend the term through June 30, 2010.

NOW, THEREFORE, the Agency and the Port agree as follows:

1. Extension of Term. The Agreement shall terminate on June 30, 2010 (the "**Expiration Date**"), unless sooner terminated in accordance with the terms hereof.

2. Budget Approval. The Port acting by and through the City, acknowledges that an Approved Budget for each Contract Year of the extension period is subject to: 1) an Approved Budget as defined in the Agreement and 2) the availability of funds for each Contract Year, in the then current fiscal year, Rincon Point-South Beach Redevelopment Project Area budget.

3. Miscellaneous. Except as expressly amended and modified by this Second Amendment, the Agreement shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF the Agency and Port have executed this Amendment as of the date first above written.

PORT:
CITY AND COUNTY OF SAN FRANCISCO
a municipal corporation, operating by and through
The SAN FRANCISCO PORT COMMISSION

By _____
Monique Moyer
Executive Director

AGENCY:
REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF
SAN FRANCISCO, a public body,
corporate and politic

By _____
Marcia Rosen
Executive Director

APPROVED AS TO FORM:

By _____
Agency General Counsel
James B. Morales

Authorized by Agency Resolution No. _____ on _____

APPROVED AS TO FORM:

Dennis Herrera, City Attorney

By _____
Bijal Patel

Authorized by Port Resolution No. _____ on _____

PORT OF SAN FRANCISCO

MEMORANDUM

April 16, 2007

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director

SUBJECT: Approval of Resolution Rescinding the Port's Policy for Payment of Brokers' Commissions

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

BACKGROUND

On December 8, 1993, the Port Commission approved a Policy for Payment of Brokers' Commissions by Resolution No. 93-151. Such policy provides that, with the exception of month-to-month tenancies, commissions for leases were based on three percent (3%) of the gross rentals payable for the first, second and third years of a lease, two percent (2%) of the rental for the fourth and fifth years of a lease, and one percent (1%) of the rental for lease years six through ten. No commissions shall be paid for placement of any lease beyond ten (10) years. In the case of a month-to-month tenancy, fifty percent (50%) of the first month's base rent shall be paid as a brokers' commission, but only if the tenant rents the property for a minimum of three (3) months. Prior to the adoption of this policy, the Port did not offer to pay real estate commission to the real estate brokers representing Port tenants except on a case by case basis by specific resolutions of the Port Commission.

Since the inception of the above policy, the Port has only consummated four leases involving brokerage participation. To be competitive with the private sector market and encourage the brokerage community to present Port properties to potential tenants, on September 20, 1995, the Port Commission approved an Amendment to the Policy for Payment of Brokers' Commissions by Resolution No. 95-80. The effect of that amendment was to increase the commission rates to six percent (6%) of gross rentals for the first and second years of a lease, five percent (5%) for the third year, four percent (4%) for the fourth and fifth year, and two and one half percent (2.5%) for lease years six through ten.

This Print Covers Calendar Item No. 8B

In 1997, the commercial real estate market in San Francisco improved dramatically; demand for vacant space fueled by the "Dot Com" industry was at an all time high. It was determined that the Port's approved brokerage commission rates no longer reflected the real estate leasing environment. On October 29, 1997, the Port Commission approved an Amendment to the Policy for Payment of Brokers' Commissions by Resolution No. 97-98 which provided a lower commission rate at 2.5% of the annual rents for lease years 1 through 5 net of any rent credits, cost of living increases and market rate adjustments.

For leases in excess of five years, the brokers' commission would be the lesser of 2.5% of the first five years of *annual rent* due or 2.5% of the first five years of *imputed rent* (defined as the average annual rent over the term of the lease). Imputed rent takes into consideration any automatic rent increases within the five year period.

Pursuant to the Port Commission Resolution No. 97-98, no brokerage commission shall be payable for leases awarded pursuant to a Port Commission Request for Proposals ("R.F.P."), Request for Bid ("R.F.B.") or sole source negotiation resulting directly from a Request for Qualifications ("R.F.Q.").

CURRENT MARKET SYNOPSIS

After the economic recovery began in the summer of 2003, the San Francisco commercial real estate market has continued to improve as reflected in declining vacancies and rising rental rates. For the third quarter of 2006, the average citywide office vacancy rate was 11% and the average industrial vacancy rate was 3%. Copies of the market report from NAIBT Commercial are attached for reference. Looking ahead, improving economic fundamentals and an insurgence of small to mid-size business will continue to drive demand. The San Francisco office market should expect to see the vacancy rate dip below 10% for the first time since 2001.

PORT VACANCY RATE ANALYSIS

On November 18, 2006, Port staff performed a real-time Portwide vacancy rate analysis based on total leased square footage provided by the Information System Division and total leasable square footage provided by the Real Estate Division. The average office and industrial vacancy rates were both at approximately 3%. Benefiting from the desirable waterfront location, easy access to public transportation and attractive rental rates, Port's vacancies are notably lower than the overall San Francisco commercial real estate market. The methodology for deriving the vacancy rates is attached hereto as Exhibit A for reference.

CONCLUSION

On February 27, 2007, an informational presentation was made to the Port Commission which was intended to provide an overview of the Port's low vacancy rates and the current healthy market conditions. It is anticipated that leasing Port properties by Port staff without utilization of the brokerage community would not harm the Port's ability to lease space and would benefit

the Port in the form of higher retained revenue. Information contained in the market reports from NAIBT Commercial and the Portwide vacancy rate summary both support this conclusion. If market conditions change dramatically in the future, Port staff will conduct a current market analysis and make a recommendation to the Commission at that time regarding the payment of brokers' commissions.

RECOMMENDATION

Port Real Estate Staff recommends that the Port Commission rescind Port Commission Resolution No. 93-151, which established the Policy for Payment of Brokers' Commissions and subsequent Resolutions Nos. 95-80 and 97-98, which amended Resolution No. 93-151.

Prepared by: Vicky Lee, Commercial Property Manager

For: Susan Reynolds, Deputy Director, Real Estate

PORT COMMISSION
CIYTY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 07-29

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage and control the Port area of the City and County of San Francisco and further grants the Port Commission exclusive authority to approve the lease of Port lands and facilities and collect and retain the rents and other revenues from such leases; and

WHEREAS, on December 8, 1993, the Port Commission approved a Policy for Payment of Brokers' Commissions by Resolution No. 93-151 which established a policy and a broker commission rate schedule to facilitate the payment of commissions to licensed brokers for their services in procurement of tenants for Port properties; and

WHEREAS, on September 20, 1995, the Port Commission approved an amendment to the Policy for Payment of Brokers' Commissions by Resolution No. 95-80, which in order to be competitive with the private sector market and encourage the brokerage community to present Port properties to potential tenants, amended the commission rate schedule by increasing the commission rates paid to brokers; and

WHEREAS, in 1997, the commercial real estate market in San Francisco improved dramatically and it was determined that the Port's approved brokerage commission rates no longer reflected the real estate leasing environment and, on October 29, 1997, the Port Commission approved an amendment to the Policy for Payment of Brokers' Commissions by Resolution No. 97-98 which provided for lower commission rates; and

WHEREAS, it is anticipated that leasing Port properties by Port staff without utilization of the brokerage community would not harm the Port's ability to lease space and would benefit the Port in the form of higher retained revenue; and

WHEREAS, if market conditions change dramatically in the future, Port staff will conduct a current market analysis and make a recommendation to the Port Commission at that time regarding the payment of brokers' commissions; now, therefore, be it

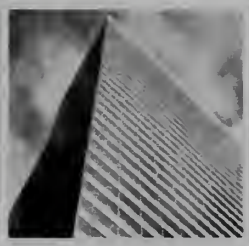
RESOLVED, that Port Resolution No. 93-151, which established the Policy for Payment of Brokers' Commissions and subsequent Resolutions Nos. 95-80 and 97-98, which amended Resolution No. 93-151, are hereby rescinded.

I hereby certify that the forgoing resolution was adopted by the San Francisco Port Commission at its meeting of April 20, 2007.

_____
Secretary

San Francisco

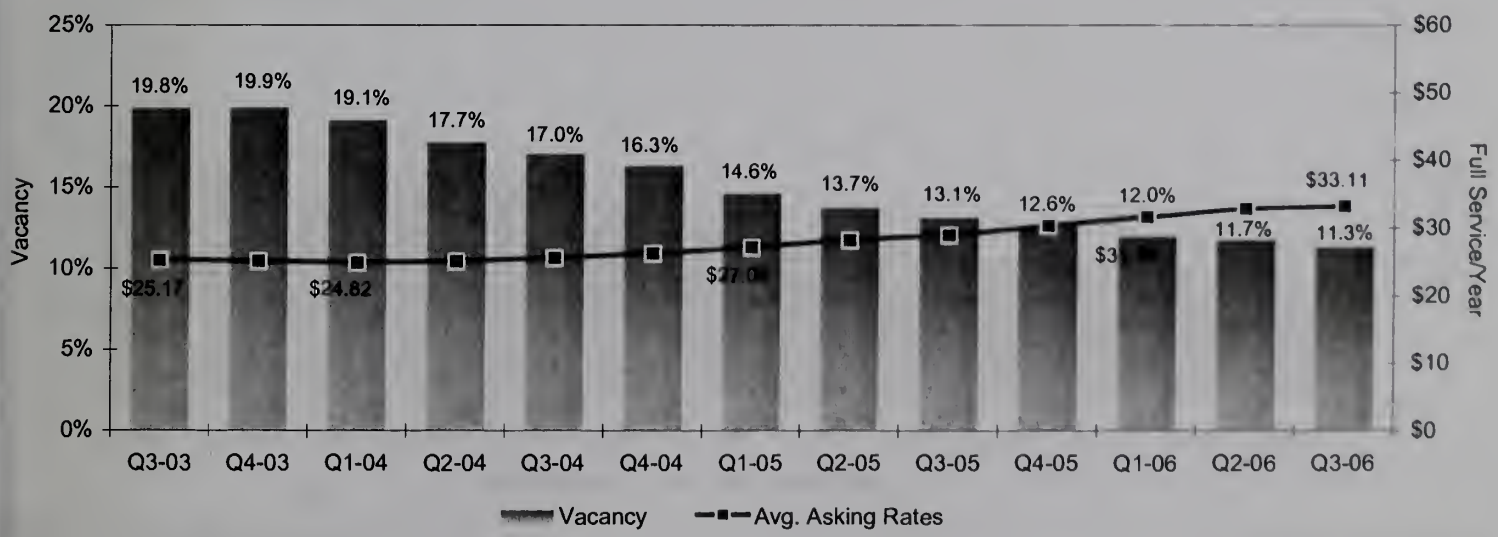
Office Report | Q3-2006



San Francisco CBD

Quarter	Q3-2005	Q4-2005	Q1-2006	Q2-2006	Q3-2006
Rentable Building Sq.Ft.:	82,025,712	82,467,837	82,527,837	82,489,702	82,489,702
Direct Availabilities:	8,936,739	8,536,185	8,252,136	8,088,809	7,655,420
Sublease Availabilities:	1,804,965	1,835,569	1,610,946	1,574,700	1,651,584
Total Availabilities:	10,741,704	10,371,754	9,863,082	9,663,509	9,307,004
Vacancy Rate:	13.1%	12.6%	12.0%	11.7%	11.3%
Gross Absorption:	2,869,962	2,078,951	2,310,106	2,071,522	2,130,855
Net Absorption:	338,708	507,718	374,021	262,419	281,513
Avg. Asking Rate (FS/Year):	$28.86	$30.19	$31.52	$32.76	$33.11
Avg. Time on Market in Months:	23.4	24.3	24.3	25.0	25.2
Completed New Construction:					
Build-To-Suit	0	335,000	0	0	0
Speculative	0	107,125	60,000	138,973	0
Total New Construction:	0	442,125	60,000	138,973	0
Availabilities by Size:					
0 - 5,000 SF	626	590	577	538	531
5,000 - 10,000 SF	284	264	254	234	246
10,000-20,000 SF	309	289	280	280	267
20,000 & Up	98	106	99	97	92
Total Availabilities:	1,317	1,249	1,210	1,149	1,136

Vacancy & Asking Rate Trend



The information contained herein while not guaranteed has been secured by sources we deem reliable. All information should be verified prior to lease or sale.

San Francisco

Industrial Report | Q3–2006

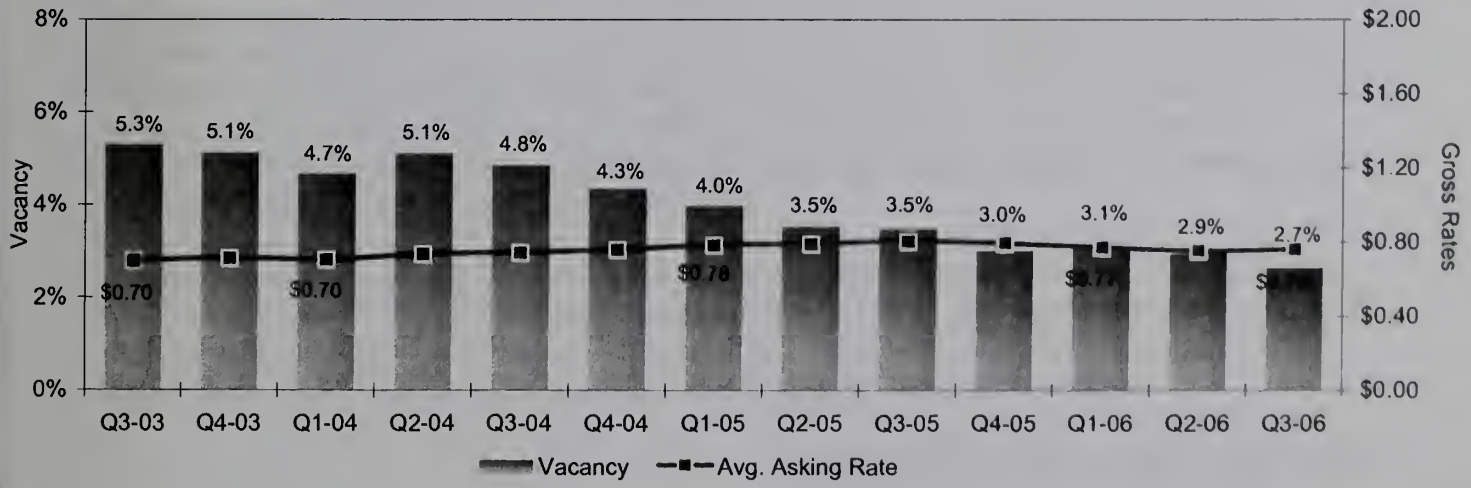


San Francisco County

Quarter	Q3-2005	Q4-2005	Q1-2006	Q2-2006	Q3-2006
Total Building Base:	19,426,478	19,426,478	19,426,478	19,426,478	19,426,478
Direct Availabilities:	606,969	480,226	519,376	476,800	437,360
Sublease Availabilities:	68,800	106,300	84,800	95,800	78,000
Total Availabilities:	675,769	586,526	604,176	572,600	515,360
Vacancy Rate:	3.5%	3.0%	3.1%	2.9%	2.7%
Gross Absorption:	202,399	219,219	80,350	62,500	132,696
Net Absorption:	10,442	42,286	-17,650	31,576	57,240
Build-To-Suit:	0	0	0	0	0
New Spec Construction:	0	0	0	0	0
Total New Construction:	0	0	0	0	0
Available Listings:					
Market Rent Range (GR)*	$0.40-$1.40	$0.40-$1.41	$0.50-$1.37	$0.52-$1.37	$0.52-$1.38
Avg Asking Rate (GR):*	$0.80	$0.79	$0.77	$0.75	$0.76
Avg Time on Market:**	14.6	14.6	16.2	17.0	19.3
Listings By Size (#):					
100,000 SF & Up	0	0	0	0	0
50,000 - 99,999 SF	3	3	3	3	2
25,000 - 49,999 SF	6	5	6	7	7
10,000 - 24,999 SF	13	9	11	7	7
Totals:	22	17	20	17	16

*(Gross Rate) Weighted Average, NNN rate converted @ rates ranging from $0.10/SF to $0.12/SF. ** Average Time on Market reflected in Months.

Vacancy & Average Asking Rate Trend



NAI BT Commercial

Commercial Real Estate Services, Worldwide

The information contained herein while not guaranteed has been secured by sources we deem reliable. All information should be verified prior to lease or sale.

PORT OF SAN FRANCISCO

MEMORANDUM

April 16, 2007

TO: **MEMBERS, PORT COMMISSION**
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Rodney Fong
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director

SUBJECT: Request Approval to extend the Term of the Exclusive Negotiation Agreement ("ENA") with High Flying Foods, Inc., for the Retail Leasing Opportunity located at 360 Jefferson Street; Request Approval to Execute Second Amendment to the ENA extending the Term to July 17, 2007

DIRECTOR'S RECOMMENDATIONS: APPROVE AND AUTHORIZE EXECUTION OF SECOND AMENDMENT TO ENA EXTENDING TERM

Background

On August 19, 2005, the Port advertised a Request for Proposals ("RFP") for a retail leasing opportunity at 360 Jefferson Street in Fisherman's Wharf. In this RFP, the Port solicited proposals from qualified respondents ("Respondents") for the rehabilitation of a retail storefront (the "Site") located in the Fish Alley area of Fisherman's Wharf.

The RFP sought responses from qualified Respondents with the demonstrated ability to finance, design, construct, and operate a retail storefront. The RFP stated the Port Commission's intention to select a Respondent that successfully creates an environment providing the surrounding neighborhood and businesses with a high quality retail experience. Possible uses of the Site were drawn from the Port's Waterfront Land Use Plan to include the sale of fish; restaurants and other eating and drinking establishments; retail connected with the sale of artisan and designer products; information services to educate and inform the public; and assembly and entertainment including theatres, night clubs and public markets.

The RFP stated Respondents should submit proposals that recognize current site conditions, acknowledge likely building code and accessibility requirements, and contribute to the unique character found in the Fish Alley area of Fisherman's Wharf. Finally, the RFP stated that Respondents should possess experience with the start-up of new retail operations.

This Print Covers Calendar Item No. 9A

On August 8, 2006, by Resolution No. 06-61, the Port Commission authorized the Executive Director to enter into an Exclusive Negotiation Agreement ("ENA") with High Flying Foods, Inc. ("HFF") to negotiate a lease for the retail opportunity at 360 Jefferson Street ("Project") on mutually agreeable terms and conditions.

The original term of the ENA was three months and the negotiation fee for this period was $10,000. The ENA provided for three consecutive one-month options to extend the original term with a negotiation fee of $5,000 per one-month option. HFF has exercised each of these available options and has paid total negotiation fees of $25,000. The final one-month option to extend the term expired on March 4, 2007.

On February 27, 2007, by Resolution No. 07-13, the Port Commission approved an additional sixty day extension of the term of the ENA to May 4, 2007. The extension provided additional time to conclude lease negotiations and to obtain a final environmental impact determination pursuant to the California Environmental Quality Act ("CEQA") from the City's Planning Department.

ENA Extension

On April 11, 2007, the San Francisco Planning Department issued a CEQA Categorical Exemption for this project. Port and HFF have substantially completed lease negotiations and anticipate returning to the Port Commission for lease approval on May 8, 2007. Subsequent to Port Commission approval, this lease will also require approval from the Board of Supervisors. Staff has revised the project schedule to accommodate these approvals as shown below:

April 20, 2007	Extend ENA to July 17, 2007
April 30, 2007	Lease execution by HFF
May 8, 2007	Request Port Commission approval of Lease
May and June 2007	Calendar Lease for Board of Supervisor review and approval; Lease execution by Port
July 2007	Lease Commencement

A second ENA extension is required to provide adequate time for Port Commission and Board of Supervisor review and approval of the proposed lease. The negotiation fee to further extend the term of the ENA shall be $5,000. The revised ENA expiration date as proposed by staff has been selected to correspond with the Port Commission's July 17, 2007 meeting. Extensions of the ENA term beyond July 17, 2007, if required to consummate the lease, shall be granted at the discretion of the Executive Director in consultation with the City Attorney.

Staff Recommendation

Port staff requests that the Port Commission approve an extension of the term of the ENA to July 17, 2007, and authorize the Executive Director to execute a Second Amendment to the ENA reflecting the extension.

Prepared by: Phil Williamson
Project Manager, Planning & Development
For: Byron Rhett
Deputy Director, Planning & Development

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 07-30

WHEREAS, Charter Section B3.581 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and

WHEREAS, The Port Commission at its August 8, 2006 meeting, by Resolution No. 06-61, approved the terms of an Exclusive Negotiation Agreement ("ENA") between the Port and High Flying Foods, Inc., a Delaware corporation ("HFF"); and

WHEREAS, The term of the ENA expired on March 4, 2007, and HFF requested an extension of the ENA term to May 4, 2007, without payment of any additional negotiation fee by HFF in order to give HFF sufficient time to obtain California Environmental Quality Act ("CEQA") approval; and

WHEREAS, On April 11, 2007, the San Francisco Planning Department issued a CEQA Categorical Exemption for the project; and

WHEREAS, Port staff and HFF have substantially completed lease negotiations, but require additional time beyond the amended ENA expiration date of May 4, 2007, to accommodate the scheduling of the proposed lease for Port Commission and Board of Supervisors approvals, and HFF has agreed to pay Port an extension fee equaling $5,000.00 to extend the ENA term to July 17, 2007; now, therefore, be it

RESOLVED, That the Port Commission hereby approves the extension of the ENA term to July 17, 2007, upon payment by HFF to Port of a negotiation fee equaling $5,000.00; and be it further

RESOLVED, That the Port Commission hereby authorizes and directs the Executive Director of the Port, or her designee, to execute the Second Amendment to the ENA, in substantially the form on file with the Port Commission Secretary extending the term of the ENA to July 17, 2007, for a negotiation fee of $5,000.00, with the understanding that the final terms and conditions of any lease or related documents negotiated between the Port and HFF during the exclusive negotiation period will be subject to the approval of the Port Commission; and be it further

RESOLVED, That the Port Commission hereby authorizes and directs the Executive Director of the Port, or her designee, to further extend the term of the ENA beyond July 17, 2007, should the Executive Director deem such extension necessary or appropriate, in consultation with the City Attorney, to consummate the transactions contemplated hereby or to otherwise effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of any such documents; and be it further

RESOLVED, That the Port Commission hereby authorizes and directs the Executive Director of the Port, or her designee, to take all such further actions, including execution of additional documents in consultation with the City Attorney where such execution shall be deemed evidence of approval, as are necessary to implement the intent of this Resolution.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 20, 2007.

_____
Secretary

SAN FRANCISCO
PORT COMMISSION

5
20/07

APRIL 20, 2007
MINUTES OF THE MEETING

DOCUMENTS DEPT.
MAY - 3 2007
SAN FRANCISCO
PUBLIC LIBRARY

MEMBERS, PORT COMMISSION

HON. ANN LAZARUS, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. RODNEY FONG
HON. MICHAEL HARDEMAN
HON. STEPHANIE SHAKOFSKY

MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
APRIL 20, 2007

1. CALL TO ORDER / ROLL CALL

Commission President Ann Lazarus called the meeting to order at 10:02 a.m. The following Commissioners were present: Ann Lazarus, Kimberly Brandon, Rodney Fong, Michael Hardeman and Stephanie Shakofsky.

2. ANNOUNCEMENT OF PROHIBITION OF SOUND PRODUCING DEVICES DURING THE MEETING

Commissioner Lazarus deferred the announcement until the Commission reconvenes in open session.

3. APPROVAL OF MINUTES - March 27, 2007

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. Four of the Commissioners were in favor; Commissioner Shakofsky abstained. The minutes of the March 27, 2007 meeting were adopted.

4. PUBLIC COMMENT ON EXECUTIVE SESSION

5. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 10:04 a.m., the Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS (Discussion and Action Items)

a. Discuss existing litigation matters pursuant to Sections (a) and (d) of California Government Code Section 54956.9 and San Francisco Administrative Code section 67.10(d):

City and County of San Francisco operating by and through its Port Commission v. Coast Marine Industrial Supply, Jeffrey Fagundes, San

Francisco Superior Court Case No. 443-691, filed August 3, 2005. (Discussion and Action Item)
Discussion and approval of settlement of litigation seeking recovery for property damage to gangway at Hyde Street Harbor wherein Port alleges negligence on the part of defendants Coast Marine and Fagundes. Proposed settlement of litigation upon terms which include defendants' payment of $30,500, in exchange for Port's dismissal of litigation, and full and final release of claims.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Pier 70
Person Negotiating: Port: Peter Dailey, Deputy Director, Maritime
*BAE Systems: Ira Maybaum

b. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*SF Piers LLC: Tom Hart and Rocky Fried

6. RECONVENE IN OPEN SESSION

A. Vote on whether to approve proposed settlement of litigation entitled City and County of San Francisco operating by and through its Port Commission v. Coast Marine Industrial Supply, Jeffrey Fagundes (Also listed above, Closed Session, Item No. (1)a.)

At 11:13 a.m., the Port Commission reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval of the proposed settlement of the litigation entitled City & County of San Francisco v. Coast Marine Industrial Supply upon the material terms set forth in the agenda for this meeting and upon such further terms approved by the City Attorney's office. Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any other information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commissioner Lazarus announced that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. The Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Commissioner Lazarus welcomed new Port Commissioner Stephanie Shakofsky, Executive Director of the Center for Creative Land Recycling (CCLR). She is responsible for implementing CCLR's programs, which include small grants, training, and technical assistance to community developers and municipalities who are actively redeveloping brownfield sites. She began her career as a research hydrologist at the U.S. Geological Survey, and worked in the contaminant hydrology program advancing the science of contaminant fate and transport for six years. She has also served as a technical analyst for the California State Legislature, providing analysis of environmental regulation and legislative reports on topical issues including the state of brownfield redevelopment in California. Stephanie is a graduate of the University of Illinois at Champaign-Urbana, with a BS in Geology, and San Jose State University with an MS in Hydrogeology.

7. EXECUTIVE

A. Executive Director's Report. Peter Dailey, Maritime Deputy Director, indicated that Monique Moyer is in Hong Kong meeting with cruise ship executives. He reported the following:

- 13th Sister Port Conference on April 23-25, 2007 – The theme of this conference is Sustainable Ports, Building Environmental Improvements into Economic Success. Representatives from the Port of Haifa, Israel; Port of Osaka, Japan; Port of Cork, Ireland; Port of Le Havre, France; Port of Melbourne, Australia; and Port of Shanghai, China will be attending the conference. We are celebrating our 40th Sister Port anniversary with Osaka. The Lord Mayor of Cork will be attending our first kickoff welcome reception on Monday, April 23 at the Harbor Court Hotel. He will also attend the luncheon at the Port on Monday and a tour of the Ferry Building. We look forward to having our guests from around the world come to San Francisco.

- Port Divers Featured on Eye on the Bay - Channel 5, April 26, 2007 at 7 p.m. On Thursday, April 26 at 7:00 p.m., the Port's dive team will be featured on the evening magazine style show "Eye on the Bay" on KPIX Channel 5. The show's topic is *Bay Area Underground*, which features unique jobs that take place underground and underwater. The Port's dive team is closely followed by the cameras as they conduct work on Pier 45.

- Earth Day Activities on Saturday, April 21, 2007 - Shoreline clean-up, planting, education about bayside habitats, and other Earth Day activities are being held on Saturday morning at several Port locations:

  Save the Bay and the Mission Creek Harbor Association are hosting an event on the south side of Mission Creek (meeting at 6th and Channel), The Audubon Society is leading an event at the Pier 94 wetlands, and Port contractor, Literacy for Environmental Justice, is hosting an event at Heron's Head Park.

  The public, Port staff, and their families are invited to participate. For more information, contact the event sponsors or the Port Commission Secretary. Thanks go out to the Maintenance Division for logistical support for these events and extra garbage collection on Earth Day.

- Last week, the Port of San Francisco and Princess Cruises received a $1.9 million Clean Air Grant from the Bay Area Air Quality Management District to design and construct shoreside power at the Port's Cruise Terminal. Shoreside power allows ships to plug into the City's power grid and turn off their engines while they are at port, eliminating air pollution. We estimate that the system will reduce 18 tons of emissions per year at baseline usage and more reductions could take place as more ships are able to retrofit their vessels. This is through the Bay Area Quality Board's Carl Moyer Program which uses local fuel taxes to help fund pollution reduction projects. Princess Cruises is a partner of the Port and they are flying their technical staff to San Francisco next Monday to begin walking through our facilities to look at engineering and operational issues to get this done. The work needs to be done in a year. There are some outstanding issues regarding getting the power to the facility but the Port is working closely with SF PUC and PG&E for a smooth connection. Princess Cruises has offered to host a celebratory event on their ship that is outfitted with shoreside power in June in San Francisco.

8. CONSENT

A. Request approval of Second Amendment to the Rincon Park Maintenance Agreement between the Redevelopment Agency and the Port, extending the term for an additional three-year period from June 30, 2007 to June 30, 2010. (Resolution No. 07-28)

B. Request approval of resolution rescinding the Port's Policy for Payment of Brokers' Commissions. (Resolution No. 07-29)

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution Nos. 07-28 and 07-29 were adopted.

9. PLANNING & DEVELOPMENT

A. Request approval to extend the Term of the Exclusive Negotiation Agreement ("ENA") with High Flying Foods, Inc., for the Retail Leasing Opportunity located at 360 Jefferson Street; Request Approval to Execute Second Amendment to the ENA extending the Term to July 17, 2007. (Resolution No. 07-30)

Phil Williamson, Planning and Development, indicated that on August 2005, the Port advertised a Request for Proposals for a retail leasing opportunity at 360 Jefferson Street in Fisherman's Wharf. In the RFP, the Port solicited proposals from qualified respondents to rehabilitate an existing retail storefront located in the fish alley area of Fisherman's Wharf. The RFP sought responses from qualified respondents with the demonstrated ability to finance, design, construct and operate a retail storefront and to provide the neighborhood with an exciting and vibrant retail opportunity. There are a number of possible uses allowed and described in the RFP. The Port ultimately, with the Commission's approval, selected High Flying Foods (HFF) to operate and develop a restaurant at this location. The restaurant will be known as the Firewood Café, a quick, casual restaurant.

On February 27, 2007, the Port Commission approved an additional sixty-day extension of the term of the ENA to May 4, 2007. The extension provided additional time to conclude lease negotiations and to obtain a final environmental impact determination pursuant to the California Environmental Quality Act ("CEQA") from the City's Planning Department. On April 11, 2007, the San Francisco Planning Department issued a CEQA Categorical Exemption for this project. Port and HFF have substantially completed lease negotiations and anticipate returning to the Port Commission for lease approval on May 8, 2007. Unfortunately, there is a gap between the May 4 extension period and the May 8 Commission meeting, therefore, staff is seeking Commission's approval of the extension to the ENA to allow more time to get through the Board of Supervisors' approval process. Staff is asking for an extension of the ENA beyond May 4, 2007 to July 17, 2007, which coincides with the Port Commission meeting. He also asked the Port Commission to authorize the Executive Director the authority to approve further extensions that might be needed after the July 17, 2007 extension period if there are minor issues that require more time. He asked the Commission to extend the ENA to July 17, 2007. The negotiation fee to further extend the term of the ENA shall be $5,000.

Commissioner Fong asked to be recused on this item.

Commissioner Brandon asked how many extensions are left. Mr. Williamson replied that their initial lease ENA was for a 90-day period. The ENA allowed for three extensions which they exercised. The last one expired in March 2007. The extension the Port Commission provided in February extended it to May and now we are going again to July with another extension. It would be up to the Commission how many extensions are left.

Commissioner Brandon indicated staff proposes that the Commission waive that and give the Executive Director the authority to extend the term of the ENA. Mr. Williamson believed that this project will happen. The intent of that request for the Executive Director's authority is if it's a minor issue, staff doest not have to come back to the Port Commission with the concurrence of the City Attorney.

Commissioner Brandon recalled that last time we didn't charge for the extension; she asked how much we're charging this time. Mr. Williamson replied that last time we didn't charge for the extension based on cost to date and some CEQA cost that they had to incur to get to that point. This time we are asking them to pay $5,000 extension fee.

Since the Port Commission will be delegating the authority to the Executive Director, Commissioner Brandon asked what happens if there will be a new extension, will the Port charge a fee? Mr. Williamson indicated that it would probably be at the discretion of the Executive Director to assess any future fees beyond the extension date.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. Four of the Commissioners were in favor; Commissioner Fong recused himself from voting on this item. Resolution No. 07-30 was adopted.

10. NEW BUSINESS / AGENDA SETTING

Peter Dailey, Maritime Director, indicated that the Port Commission meeting of May 8, 2007 is shaping up to be a relatively robust meeting, highlighted by an informational presentation by Will Travis, the executive director of BCDC on the impact of climate change on San Francisco Bay. Additionally, we expect to have representatives from the City Administrator's Office for a presentation on 311, the city's new information system. He asked if the Commission has any additions or questions on the forward calendar.

Commissioner Lazarus asked if one of those informational presentations could be moved to another time. If everything stays on this calendar and we start off with those presentations, it's going to be a very long day. We're probably committed to Will Travis and Brad Benson's item on the flood insurance program which is also very critical, not to take anything away from 311 but she asked if it's possible to slip item that to another day. Mr. Dailey replied that staff will look into it and we'll make the change. Commissioner Hardeman asked if a handout could be mailed to the Commission in advance.

11. PUBLIC COMMENT

12. COMMUNICATIONS

13. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the open session and reconvene in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 11:35 a.m., the Commission reconvened in executive session to discuss items that were not discussed earlier in the meeting.

At 11:56 a.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Hardeman moved approval to adjourn executive session and reconvene in open session; Commissioner Fong seconded the motion. All of the Commissioners were in favor.

Commissioner Hardeman indicated that prior to discussions on Item 2B, Piers 27-31, Commissioner Lazarus recused herself.

ACTION: Commissioner Hardeman moved approval to not disclose any other information discussed in closed session; Commissioner Fong seconded the motion. All of the Commissioners were in favor.

Commission Vice President Kim Brandon adjourned the meeting at 11:58 a.m.

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